



WEEKEND
FT



PEAK TIME

Mountaineer Chris Bonington
embarks on his expedition
to Montserrat, Everest's
unconquered neighbour.
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FINANCE

There's a new leader in the
Great Investment Race
Page VI

CITY GYMS

The Keep Fit craze makes
for a boom market.
Page XIV



CHESS

Dominic Larsson meets Nigel
Short, Britain's mastermind
on the international chess
boards.
Page XVIII

WORLD NEWS

Metropolitan
Police chief
quits early

Metropolitan Police Commissioner Sir Kenneth Newman is retiring three months earlier than expected. He leaves in August rather than October. Sir Kenneth, 60, who brought an intellectual, executive air to Britain's top police post, will be succeeded by his deputy, Peter Imbert, 53, regarded as a no-nonsense, open officer.

A premature end to Sir Kenneth's tempestuous five years in charge of London's policing had been expected but its suddenness came as a surprise.

Star Wars assurance

Two US envoys assured NATO allies that Washington was not on the verge of a major decision on the Star Wars programme or the Anti-Ballistic Missile Treaty, NATO said. They pledged more consultation on the two related issues before any decision.

Middle East peace row

A showdown between Israeli Premier Shamir and Foreign Minister Peres is expected to follow the Peres agreement with Egypt on the road for an international Middle East peace conference this year.

Diplomat arrested

A Mexican diplomat was arrested in London in connection with the murder of two prostitutes. He called police after watching BBC's Crime-watch programme. The UK may seek a warrant of diplomatic immunity.

BBC growth to end

Michael Checkland, new BBC director-general, proclaimed the end of growth for the corporation and signalled contraction.

Pay move collapses

A government attempt to introduce a limited form of regional pay variation in the Civil Service has collapsed in face of industrial action.

Dockyards writ

Unions representing 19,000 workers at Devonport and Rosyth Royal Naval Dockyards served a writ on the Defence Secretary, to postpone his installation of agency management.

Vatican warns Rome

The Vatican said it would not tolerate Italian state interference in its institutions, breaking silence on the arrest warrant for Archbishop Paul Marcinkus.

Secrets ban

An Edinburgh court banned former GCHQ official Dennis Mitchell of Cheltenham, Gloucestershire, from disclosing secrets, possibly to the media. He has 21 days to petition.

Jail protest move

The Government is considering taking legal action against Barriane Jail, Glasgow, prison officers who are refusing new admissions in protest at overcrowding.

Alcohol all day

A private member's bill to permit restaurants to serve alcohol with meals all day went through all Commons stages.

Rate not set

Derbyshire was unable to fix a rate. Its treasurer said a 4.8 per cent rise recommended by the Government would mean a £36m shortfall, 4,000 full time jobs lost and devastation of services.

BR to sell old prints

British Rail Pension Fund is to auction 100 Old Master prints at Sotheby's in June for about £1.5m.

MARKETS

DOLLAR	
New York lunchtime:	
DM 1.8265	
FFr 6.0205	
Sfr 1.53723	
Y153.175	
London:	
DM 1.8265 (1.823)	
FFr 6.0205 (6.017)	
Sfr 1.53723 (1.5355)	
Y153.2 (153.1)	
Dollar index: 103.8 (103.6)	
Tokyo close: Y153.15	
US LUNCHTIME RATES	
Fed Funds: 6%	
3-month Treasury Bills:	
Yield: 5.57% (-1.0)	
Long Bond: 100 1/2	
Yield: 7.45%	
GOLD	
New York: Comex April latest	\$408.3
London: \$408.3 (\$404.5)	

BUSINESS SUMMARY

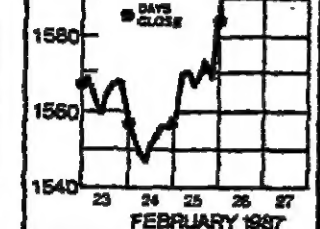
Argentina
wins \$500m
loan facility

ARGENTINA has been offered a \$500m (\$523m) bridging loan facility, put together by the central banks of 12 OECD countries under the aegis of the Bank for International Settlements.

The loan is seen as an important vote of international confidence when Argentina is in the final stages of discussion with commercial banks for the rescheduling of \$30bn of debt.

UK EQUITIES: Satisfactory

January trade figures from the UK and US underpinned the market which showed little regard for the Greenwich by-election result.



Having breached 1,600 for the first time on Thursday, the FT Ordinary Share Index eased back to 1,599.8, down 1.9 on the day but up 32.8 on the week. The FT-SE 100 Share Index closed at 1,979.2, compared with 1,961.5 a week ago. London Stock Exchange, Page 13

HIGHWAYS, industrial textile group owned by property developer John Whitaker, won a six-month battle to take over the Manchester Ship Canal Company. Back Page

LLOYDS BANK, smallest of the Big Four UK clearers, lifted pre-tax profits for 1986 by 25 per cent to £700m, in line with market expectations. Page 10

REDGWICK GROUP, UK's biggest quoted insurance broker, reported pre-tax profits in 1986 up 9 per cent to £135.5m, after increasing its presence in the US. Page 10

SAINT-GOBAIN, recently privatised French glass and materials group, confirmed to shareholders that last year's net consolidated profits almost doubled to FF1.43bn (£153m) and that profits were expected to rise again this year. Page 11

UK RETAILERS: Marks and Spencer and Sir Terence Conran's Storehouse Group separately announced plans for expansion in the Far East. Page 4

BRITISH AIRWAYS: The staff trade union initiative to create a block of share voting rights seems set to secure a 2 per cent stake in the recently-privatised company. Page 7

HONG KONG: A HK\$4.4bn (£586m) debt and equity package for the construction of a second road and rail tunnel linking Hong Kong island and Kowloon was unveiled. Page 3

ACCOUNTANCY: Off-balance-sheet financing—having assets which do not appear on a balance sheet—is becoming increasingly common, according to the Institute of Chartered Accountants in England Wales. Page 5

NEWSPAPERS: The Office of Fair Trading has cleared the London Evening Standard of uncompetitive practices in its circulation war with Robert Maxwell's London Daily News.

TOTTENHAM HOTSPUR, only Stock Exchange listed football club, announced a pre-tax loss of £1.18m for the half-year ended November 1986, due almost entirely to a transfer fees deficit. Page 10; London ground sharing, Page 5

STERLING	
New York lunchtime: \$1.547	
London: \$1.546 (1.54)	
DM 2.325 (2.3075)	
FFr 9.4025 (9.3475)	
Sfr 2.375 (2.355)	
Y236.75 (235.75)	
Sterling index: 69.9 (69.4)	
3-month interbank:	
closing rate 10 1/8% (10 1/8)	
NORTH SEA OIL	
Brent 15-day March (Argus)	\$16.15 (\$16.375)
STOCK INDICES	
FT Ord 1599.8 (-1.9)	
FT A-Share 983.12 (0%)	
FT-SE 100 1,979.2 (-1.0)	
FT-A long gilt yield index:	
High coupon 9.55 (9.91)	
New York lunchtime:	
DJ Ind Av 2,223.99 (+7.31)	
Tokyo:	
Nikkei 20,421.66 (-33.34)	

Prosecutor pleads for leniency in Paris terrorism trial

PROSECUTING COUNSEL in the trial of Mr Georges Ibrahim Abdallah on terrorism charges in Paris, asked a court yesterday to write David Housheer, by asking for a maximum sentence of 10 years' imprisonment against the alleged leader of the Lebanese Revolutionary Armed Faction.

Mr Abdallah is accused of complicity in the murder of an American and an Israeli diplomat.

If found guilty he would normally have been liable to a life sentence on both charges. Mr Pierre Baechlin, prosecuting

counsel, said: "Any sentence to whatever penalty will transform the accused into a martyr, and France into a hostage."

Turning to the lawyer acting for the US Government, which is a civil party in the case, he then said: "We have no lessons to learn from our allies—a reference to US sales of arms to Iran in a deal on hostages."

He concluded: "With cold in my heart, I plead with you, I beg you, I ask you not to pronounce against the accused a sentence of more than 10 years' imprisonment."

The prosecuting counsel's request would seem to confirm repeated reports that the French Government has struck some deal with the Lebanese Revolutionary Armed Faction and with Syria for leniency towards Mr Abdallah in exchange for a continuing respite from terrorist attacks.

The Lebanese group was believed to have been responsible for the wave of explosions in Paris in September, which killed 11 people and wounded more than 150.

The daily Le Monde was the first to allege that the subsequent truce was negotiated

by the French Government using Syria and Algeria as intermediaries.

Since then suspicions of a deal have been increased by the haste with which the trial has been hurried forward.

The verdict is due to be delivered today by the seven-member panel of magistrates specially appointed for the trial.

France suspended jury hearings of terrorist trials in December after an Action Directe leader threatened the jury.

Mr Abdallah has refused to attend the trial since making an impassioned political in-

dictment of the court on the opening day of the hearing on Monday.

Mr Georges Klejman, the lawyer representing the US, called the prosecutor's demand a "caricature."

He had produced fresh handwritten evidence earlier this week which seemed to establish Mr Abdallah's role in the founding of the Lebanese group.

Mr Baechlin seemed as well to distance himself from the demand for leniency put forward at the request of the French Government by saying: "I am an officer who has to adapt his course."

White House search
to replace Regan

BY STEWART FLEMING, US EDITOR IN WASHINGTON

DIFFICULTIES in President Regan's White House over finding a replacement for Mr Donald Regan appeared yesterday to be delaying an announcement of the departure of the Chief of Staff, who came in for bitter criticism in an official report into the Iran arms affair.

U.S. Senator Robert Dole, the senior Republican in the Senate, said after a meeting between President Regan and Republican leaders in Congress yesterday: "There will be a new chief of staff. We don't know who it is going to be or when it will be announced."

Mr Regan, blamed by the Presidential Commission on Thursday for allowing "chaos" after the Iran-Contra scandal erupted last November, has faced a barrage of criticism from all sides for clinging to his position.

Three or four names are being mentioned as possible successors. They include Mr James Baker, the Treasury Secretary and a political ally of Vice-President George Bush, Mr

Charles Price, US Ambassador to London, Mr John Herrington, the Energy Secretary, and Mr Kenneth Duberstein, a former top White House aide.

It is still unclear whether Mr Regan would also be leaving the White House. A close political friend of the President's and a man tipped strongly earlier in the week as likely to take some position in the White House, has announced that he will not accept a full-time post.

Separately, the Washington Post reported yesterday that Mr Drew Lewis, the chief executive of Union Pacific, once seen as the most likely successor to Mr Regan, has also told the White House he does not want a full-time post.

Mr Martin Fitzwater, the White House spokesman, said yesterday that the President had spoken to both men and that they "would be available to help in any way the President desires."

Senator Dole's statement that a new chief of staff would be appointed is likely to reassure those who have argued that such

a move is essential if Mr Regan is to recover from the blows of the past six months, while financial markets are likely to read it as a potentially positive sign.

Mr Regan has long been seen as one man in the White House who would dearly like to see Mr Paul Volcker replaced as chairman of the Federal Reserve Board when his current term of duty expires in August.

It is widely expected that Mr Regan's move will preface a full-scale shake-up of White House staff, criticised by the Tower Commission for having "failed the President."

In the wake of the commission report, the beleaguered White House faced another barrage of criticism of the Reagan Administration's handling of the Iran initiative and of the President's failure to involve himself actively in the formulation of vital government policies.

Politicians and newspaper columnists were asking whether "failed the President."

Continued on Back Page
Reaction, Page 2; Man in the News, John Tower, Page 8

Trade gap narrows but
figures labelled freakish

BY JANET BUSH

BRITAIN'S trade performance showed a sharp improvement in January but both imports and exports were heavily affected by the bad weather. Government officials described the figures as freakish.

At the same time, the Government's Central Statistical Office has revised its projections for invisible earnings for the final three months of last year and produced a lower-than-expected estimate for January.

Earlier estimates had suggested buoyant earnings from invisible trade in the final months of 1986 had gone a long way to counterbalance a previous marked deterioration in Britain's trading performance and had left the current account showing only a small shortfall for the year as a whole.

Figures released yesterday showed a visible trade deficit of £527m compared with a shortfall of £287m in December, while imports, excluding the

CURRENT ACCOUNT £m, seasonally adjusted	
Visible trade	
Current balance	Exports Imports
1985	78,111 80,289
1986	72,942 81,096
Q1	18,164 19,391
Q2	17,784 19,337
Q3	17,553 20,426
Q4	19,340 21,942
Oct	6,294 7,009
Nov	4,509 7,559
Dec	6,477 7,364
1987 Jan	6,204 6,731

The CSO had previously reported a deficit of £763m.

Both exports and imports fell substantially last month, apparently because of transport problems during the bad weather. The volume of exports, excluding oil and erratic items, fell by 5 per cent between January and December while imports, excluding the

same items, dropped by 9 per cent.

Government officials said they could find no clear explanation why the weather had hit imports harder than exports.

Continued on Back Page
US balance of payments, Page 2; West German balance of payments, Page 3

Trainees may be eligible to claim dole

BY DAVID BRINDLE, LABOUR CORRESPONDENT

AS MANY AS 180,000 part-time trainees on the Government's Community Programme for the long-term jobless may be eligible to claim unemployment benefits following a ruling by the social security commissioners.

Those who claim benefit would be added to the unemployment register, potentially wiping out the 33,800 fall in the unemployment figures during the past 12 months by more than five times.

The unanimous ruling, made public yesterday, results from a test case brought by the GMBU general workers' union on behalf of one of its members, Mr Vincent Brunt.

The Department of Health and Social Security said yesterday that the ruling did appear to mean for the present "large numbers" of Com-

munity Programme trainees could claim benefit and return to the unemployment register.

About three-quarters of the programme's 250,000 trainees are part-time, according to the Employment Department.

Critics of the scheme have said that this emphasis on part-time training has made it a particularly cheap way of cutting the unemployment figures.

Mr Glyn Thornton, the GMBU Liverpool area official who has overseen Mr Brunt's case, said many part-time trainees could receive about £15 a week in unemployment benefit for the three days they were not working.

Mr Brunt's training course, which has since finished, involved landscaping churchyards in the Runcorn area. It ran for two and a half days a week. His claim for benefit for three and

a half days—the benefit system working on the basis of a six-day week—was initially rejected.

However, the tribunal has declared that section 7(1)(e) of the Social Security (Unemployment, Sickness and Invalidity) Regulations 1983 should be interpreted in such a way that the claimant's normal working week is not the part-time week of the training scheme.

The ruling is not expected to apply to trainees whose courses run for five mornings a week.

The Government is none the less likely to be so concerned about the effect of the ruling that it will mount a quick appeal in the courts. If that fails, it could try to amend the 1983 regulations to deal with what ministers will see as an anomaly.

Labour News, Page 7

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A 5-year record

Prolific unit trust	Position in sector	Growth*
Special Situations	1st out of 73	+443.7%
Far Eastern	1st out of 21	+324.8%
Convertible & Gilt	3rd out of 28	+129.4%
North American	5th out of 40	+198.5%
High Income	6th out of 66	+317.5%
International	15th out of 63	+228.5%
Technology	32nd out of 63 (International Trusts)	+180.9%
	2nd out of 8 (International Technology Trusts)	

* Offers after basis, not income reinvested. Source: Prolific Savings Ltd February 1987.
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Venezuela close to benchmark interest rate deal

BY ALEXANDER NICOLL

VENEZUELA and its leading creditor banks were yesterday putting the finishing touches on a \$21bn (£13.6bn) deal rescheduling agreement setting what bankers hope will be a benchmark interest margin of 3 percentage points above London interbank offered rates (Libor).

The accord revises an agreement reached a year ago which included a 1-point margin. Venezuela had sought to renegotiate the terms because of the fall in its oil income.

The other big change in the agreement will reduce the amount of principal which will be repaid by Venezuela over the next three years from \$3.36bn to \$1.35bn.

Bankers said the Venezuelan deal should send a message to other creditors negotiating with the banks about the interest margins they could expect the bank to agree to. Among these is Brazil, which suspended interest payments on \$65bn of debt last week and is expected to present proposals to the banks after Mr Dilson Fumero, the Finance Minister, completes his current tour of world capitals.

They noted that Venezuela, unlike all other countries re-

scheduling their debt, would continue to repay some principal and needs no new money and has no interest arrears.

Bankers have repeatedly said that Mexico's new loan and rescheduling, now being finalised and carrying a 11 point spread, should not be seen as a precedent by other countries.

Top Venezuelan financial officials were expected to endorse the agreement at a meeting in New York late yesterday with the 13-bank advisory committee. Other banks—some of which have complaints about Venezuela's handling of \$7bn of private sector debt—must then approve it.

The accord is the second to be reached this week, following Chile's \$12.4bn rescheduling deal which included a 1 per cent margin over Libor. Mexico, for which a \$7.7bn loan request has been bogged down because of the reluctance of smaller banks to subscribe, also announced this week that signing would begin March 20.

Argentina's bank advisory committee said yesterday that its talks with Mr Mario Broderick, the country's Finance Minister, were progressing following the announcement of a \$500m official bridging loan.

World debt reports offer little hope of solutions

BY NANCY DUNNE IN WASHINGTON

TWO NEW reports issued by the World Bank and the Inter-American Development Bank contain sombre appraisals of the debt problem of developing countries and offer little hope of private sector solutions.

The World Bank, in its developing country debt report, notes that the commercial banks "offer no encouragement for a renewal of voluntary lending is close and highlight the very real difficulty of harnessing private lending in support of longer-run adjustment programmes."

The decline in net new lending continued in 1986, and the total capital flows to the developing countries, even counting in direct investment

and official and private grants, are "unlikely to have increased over the 1985 level," the bank reported.

While export credit and lending by the multilateral development institutions increased, lending by commercial banks, net of principal repayment, appears to have dropped significantly below the depressed levels of 1985. Negative net transfers for long-term loans are estimated at about \$29bn.

In a survey of its members, 200 US companies with interests in Latin America and the Caribbean, the Council of Americas found no sign that increased investment would boost the third world economies.

Chad reports Libyan air raid

Chad's official radio said yesterday that Libya has made a continuous bombing raid on Thursday night on government positions at the oasis town of Fada in the northeastern desert. Reuter reports from N'Djamena.

The N'Djamena said Libyan planes also pounded the outpost of Zouar, at the edge of the Tibesti mountains in the north-west, and the mineral-rich northern area of Aouzou.

Chadian forces launched a major drive last December to oust several thousand Libyan troops from the northern part of the country.

US trade and inflation positions deteriorate

By James Buchan in Washington

THE US trading position and inflation both deteriorated last month according to figures released in Washington yesterday, but the market absorbed the news without apparent anxiety about the outlook for the country's international competitiveness and inflation.

According to figures released by the Commerce Department yesterday, the US trade deficit widened to \$14.78bn in January against an adjusted \$12.73bn. The deterioration was due to an 11 per cent drop in US exports, while imports continued at the same level as December.

Meanwhile, the Consumer Price Index, which has been increasing at very modest monthly rates for the past six months, jumped 0.7 per cent in January over December for an annual inflation rate, based on January alone, of 8.3 per cent. The annualised rate, based on the last three months, is 4.4 per cent.

However, traders in New York said yesterday that both sets of figures were broadly in line with expectations. Bond prices, which often fall in response to higher inflationary expectations, rose in early trading while the US dollar, which has tended to fall on signs of a widening trade deficit, held steady.

The January trade deficit, and the addition of a further \$2bn in imports to the December figure, suggest that the depreciation of the dollar has yet to provide the expected boost to US exports. Traders were particularly disappointed by the 11 per cent month-on-month decline in exports to \$16.85bn, the lowest figure for several years.

The export component in that figure was just "terrible," said Mr Frank Watson, head of the corporate desk at Swiss Bank Corporation in New York. However, the market had been prepared for a deficit in the \$14-16bn range. Mr Malcolm Baldrige, the commerce secretary, blamed bad weather for holding back exports in January. He said he expected exports to "resume their uptrend in February and March."

Deng praises Polish approach to opposition

By Robert Thomson in Beijing

THE Chinese leader, Mr Deng Xiaoping, has advised that the country take a lead from Poland in using "dictatorial" means to handle political opposition, according to leaked Communist Party documents that suggest Mr Deng is heading the drive against western influence.

The documents show that Mr Deng wanted tough action taken against student protesters and was confident that foreigners are less interested in China's human rights record than its political stability. He also said that the present campaign against "bourgeois liberalism" must last for "at least 20 years."

Reporters from the Washington Post, Agence France Presse, and Kyodo, the Japanese news agency, were given extracts of several confidential party circulars, released to senior Communist Party officials in the past month, in an apparent attempt to show that Mr Deng is still in control of the party.

Mr Deng praised the Polish Government for its handling of the rise of the Solidarity trade union and for its cleverness in dealing with the Catholic Church: "They adopted martial law and controlled the situation, that clearly shows that if we don't use dictatorial methods, it won't do... we must not only talk about dictatorial methods, but also practise them."

Reagan urged to put house in order

BY JAMES BUCHAN IN WASHINGTON

THE SHOCK of the Tower commission report continued to reverberate in Washington yesterday as congressmen and political commentators assessed the report's astonishing account of chaos, irresponsibility and possible law breaking in the Reagan White House.

Echoing comments by politicians of both parties the Washington Post said of Mr Reagan in an editorial yesterday: "He was an Administration in the back seat of a car rolling down a hill with no one at the wheel."

The New York Times was even harsher, arguing in an editorial that there was "powerful reason for believing" that Mr Reagan failed in his constitutional responsibility to take care "that the laws be faithfully executed."

Members of the commission who were charged by President Reagan to examine the Iran arms affair as well as congressmen said that it was vital that Mr Reagan moved swiftly to reassert control and prevent his presidency from becoming an irrelevance.

"It's not going to be easy," said General Brent Scowcroft, a former national security adviser who was a member of the three-man commission

under the conservative former Republican Senator Mr John Power.

Among the proposals bandied about yesterday Mr Reagan was strongly advised to let go of his powerful White House Chief of Staff, Mr Don Regan, who is sharply criticised in the report, and possibly shake up his Cabinet in order to salvage his presidency.

"It is obvious to almost everyone in the country that Don Regan should have been let go a long time ago," Senator George Mitchell, a Democrat, said.

Mr Reagan is also expected to come under intense pressure from senior Republicans to acknowledge openly the extent of his role in the Iran arms affair.

Even Republican congressmen disputed the commission's argument that handling of the Iran arms affair was an "aberration" in an otherwise competent White House.

"I'm less concerned about what it says about the Iranian policy than the broader implication that other policy such as the Reykjavik summit, for example, was handled in a similar cavalier fashion," Mr Dick Cheney, a senior Republican congressman, said.



Ronald Reagan with a copy of the report.

Where all this criticism just ain't right

BY LIONEL BARBER IN PHOENIX

OUT IN the desert community of Phoenix, Arizona, the Irangate scandal has not had an easy time making front-page news.

First there was the snow, three feet of it in neighbouring Flagstaff, then came a local hailstorm about a visiting high school football team. Then came the Arizona Republic, which received a stream of complaints about the amount of space devoted to the Irangate affair, even though that has been relatively small.

"People here don't like criticism of their leaders. They don't think it's right or proper," Mr Joe Cole, a financial columnist with the Republic said.

Phoenix voted solidly for Mr Ronald Reagan in 1980 and 1984. Including Scottsdale, the chic middle class suburb, Phoenix has been likened to Mr Reagan's political hearland in Orange County, California: conservative, church-going and fiercely patriotic.

Do people feel let down? "I think the President was poorly advised," said a 22-year-old barmaid. "I don't believe he was given a lot of support."

A middle-aged shopkeeper with a neat crew-cut, agreed. "The President has received a lot of criticism but he will come through OK."

A senior banker said: "Americans are paying the price of electing a man who has little or no substance. They never listened carefully to what he was saying. They were seduced by his image."

In recent weeks the switchboard at a local newspaper, The Arizona Republic, has received a stream of complaints about the amount of space devoted to the Irangate affair, even though that has been relatively small.

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At the presidential campaign headquarters of former Arizona Governor Bruce Babbitt, there is limited celebration. Mr Reagan's plight may encourage yet more Democratic candidates to change into the 1988 race and so Mr Babbitt's supporters are apprehensive.

More interestingly, Mr Mike McCurry says the issues of Mr Reagan's two successful campaigns in 1980 and 1984 are still relevant.

Americans want a figure who appears strong and confident. They want to feel confident that he was saying. They were seduced by his image."

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Rome coalition prepares for peaceful death

By John Wyles in Rome

THE LIFE of the Italian Government headed by Mr Bettino Craxi, a Socialist, began to draw to a close yesterday more peacefully than had seemed likely a week ago.

Leaders of the other four coalition parties spent more than two hours discussing the impending crisis which will follow Mr Craxi's intended resignation next Tuesday. The prospect of his departure brought calm to a meeting which had been very stormy last week when it seemed that the Prime Minister was intent on staying put and the Christian Democrats, the largest coalition party, on pushing him out.

Mr Craxi acknowledged in an opening declaration that his Government had been unravelling for some time. "The time has come for us to find a way out of the difficulty in which we have found ourselves for some months," he said.

He identified each of the other parties in turn as being partly responsible for the coming political crisis while putting the heaviest blame on the Christian Democrats. They were insisting on a false interpretation of an agreement made last summer which assumed that he was obliged to resign this spring and that he would be automatically succeeded by a Christian Democrat.

From this position, Mr Craxi intends to put a heavy price on Socialist support without which a government could not survive. He will seek policy concessions and a veto over the Christian Democrats' choice of prime minister as well as plum Cabinet jobs for the Socialist Party. The general expectation is that he will force a rupture in the negotiations which will lead to elections in June—year ahead of the due constitutional date.

On an eight-acre strip of coastal land, "Usher is busy supervising the construction of tanks, laboratories, pump-houses and workers' accommodation. Within a year his giant clam nursery will be in full swing. Within three years—the time it takes a

Tridacna gigas to reach marketable size—he hopes the economic viability of the scheme will be compellingly apparent.

Provided the spawning and nursery stages can be successfully accomplished, at 18 months the giant clam can be safely deposited on the reef. The marine farmer couldn't wish for a better-behaved product. The giant clam is phototropic, which means, with the aid of symbiotic dinoflagellates, or zooxanthellae (a kind of common algae), it survives and grows on sunlight reaching down through a metre or three of clear salt water.

Once matured, it needs no care. As Mr Usher put it: "Think of the *Tridacna gigas* as a sort of green cow, animal and grass rolled into one."

Light eaters of the world rejoice! The technical problems of induced spawning have been solved.

The idea is to furnish as many islanders as are willing with clam seedlings which can then be grown in their own back coral gardens. Within five years Mr Usher expects to generate an income of \$250,000 for the Solomon Islands. If a means can be found to take clam-meat into previously resistant Western markets, it could be much more than that.

By the year 2000 clam-sticks may be a regular item on the Rumslow housewife's shopping list, and by the year 2050 Guadalcanal 1987 may have replaced San Francisco 1949 as a byword for sudden wealth.

Justin Wintle

Seafood bonanza promised for Solomons

A letter from the Solomons

It was with some surprise that returning from Guadalcanal in the Solomon Islands, I learnt Radio 4 had just broadcast a programme called Gold Rush in Melanesia. Honiara, the island's and the country's capital, was made out, my informant told me, to sound like San Francisco in 1849. My own impression of Honiara was that it fell ten miles short of San Francisco in 1848.

There is gold in the hills of Guadalcanal, but 20 kilometres north of Honiara there is a motherload which may be worth much more. The good news is the giant clam, and in particular *Tridacna gigas*.

Giant clams (*Tridacna gigas* is merely the largest of several species) have long been relished throughout Oceania and East Asia. The adductor muscle (which may be said to hold the shells of the bivalve together) especially is a sought-after delicacy in Taipei, Singapore and Hong Kong, where it can fetch anything up to \$25 a kilo. The kidney apart, all the other flesh (and a 10-year giant may yield anything up to 200 kilos, of which the adductor forms 10-15 per cent) is edible.

There is also a range of biochemicals that can be extracted from them, of use in both medical and cosmetic preparations, and their shells, when not employed as ornaments, can be incorporated into building fabrics or around into a calcium-rich supplementary animal food.

Stacks of giant clam have, however, been depleted in recent decades. Japanese and Taiwanese fishermen have fished the sea-bed regarded as national fishing boundaries, and the dramatic growth of local Pacific populations has also played its part. *Tridacna gigas* is now listed as an endangered species.

peculiar to the island almost everywhere. *Tridacna gigas* is a very sturdy, hermaphrodite, all-healthy specimen can produce up to 200 eggs a day while spawning, and an unimaginable number of sperm. The snag is, though, when the eggs and the sperm find each other they "heartily" always set the 18-month incubation period. The adult clam is one eaten. The juvenile clam's chances of survival are minute.

Unless, of course, they are domesticated. And this is what Mr Graham Usher, project manager of the Coastal Aquaculture Centre on Guadalcanal, with the backing of Islam (the International Centre for Living Aquatic Resources Management), the Overseas Development Administration and other agencies, has set out to do.

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A FINANCIAL TIMES SURVEY PORTSMOUTH The Financial Times proposes to publish a survey on the above on FRIDAY MAY 8 1987. For full details please contact: ANDREW WOOD on 01-234 8000 ext 4129 or write to him at: Brecken House, 10 Cannon St London EC4A 3DF

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER The content, date and publication dates of surveys in the Financial Times are subject to change at the discretion of the Editor

Following the death of Mr David Fyfe Cable of Forfar, Scotland, who died in England after his return from Iran, and acting in trust for and on behalf of Mrs Sylvia Cable, his widow, who has now released a portion of his superlative collection to A. Wellesley Briscoe & Partners Ltd., for a

VERY IMPORTANT AUCTION of HIGHEST INTERNATIONAL MERIT of a further part to be auctioned in London THE DAVID FYFE CABLE COLLECTION

RARE ANTIQUE PERSIAN RUGS FINE AND EXCEPTIONAL RUGS FROM PERSIA, ASIA MINOR, AND THE CAUCASUS including RARE SILK RUGS AND OTHER IMPORTANT ENTRIES

A NOTE ON THE LATE DAVID FYFE CABLE. He was born in Forfar, Scotland, on the 24th of April, 1934. At a very early age through his father, who had often worked in Iran and later as a student, he developed what was at that time an unusual interest in Persian rugs which continued to grow throughout his life.

In 1958 he went to London, at that time still the centre of the world for Persian carpets, to seek his fortune and his niche in the trade of Persian carpets.

The bonded warehouses at the Port of London Authority, Cutler Street, London EC2 (formerly the East India Docks Warehouses) were the centre of the oriental carpet trade.

It was in this closed world that David Fyfe Cable started his career and in which he was determined to succeed. He commenced his collection picking rare items in the hundreds of thousands of rugs that transited through the bonded warehouses. In his passionate love of rugs and his determination to succeed, even though an outsider in this field, he made outstanding progress.

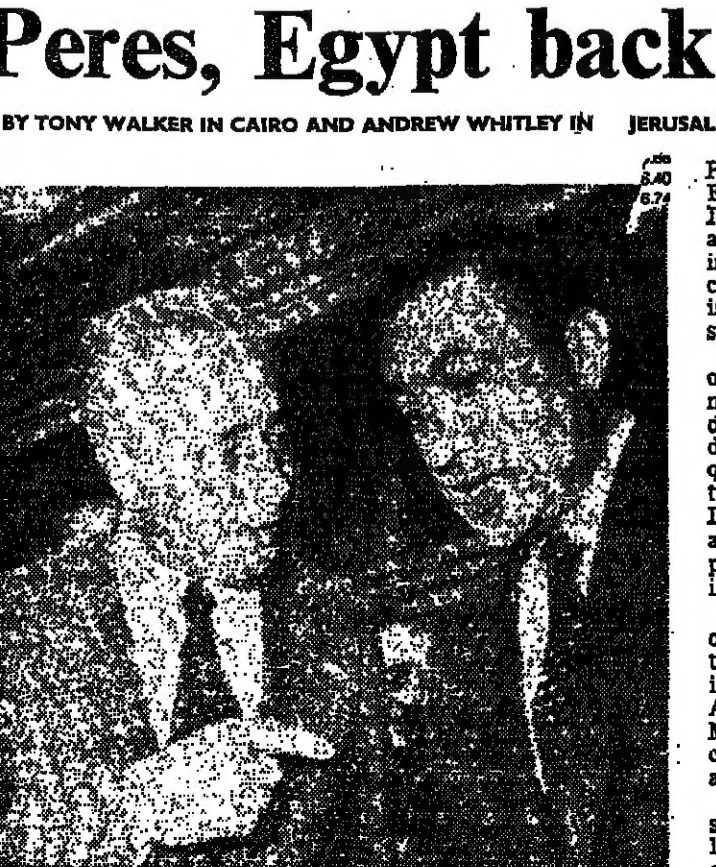
In 1963 he became a director of the Persian Carpet Trading Company Ltd, of 120 Bishopsgate, London EC2, at that time one of the largest of the 127 companies in the Port of London Authority Warehouses.

In 1968 having mastered Farsi, and accompanied by his wife, he fulfilled his lifelong ambition to live and work in Iran. With foreign capital he organized in the manner of a large European trading corporation, International Carpet Trading Company Limited of Tehran. It was during this time that his work took him deep into the remote parts of Iran where his passion for seeking out the beautiful, unique rug could be satisfied.

Whilst in Iran he commenced his book "A Scotsman and Persian Rugs", which he wrote in the manner of A. Cecil Edwards' classic work "The Persian Carpet", and which has remained unfinished.

Always of delicate health and a very heavy smoker, he was found to have cancer of the stomach and returned to England where he died.

AT THE ROYAL AERONAUTICAL SOCIETY, 4 HAMILTON PLACE, LONDON W1V 0BQ. ON SUNDAY 1ST MARCH AT 3 PM. Viewing from 12 noon Enquiries: Telephone 01-381 8558



Mr Peres (left) in dialogue with President Mubarak.

BY TONY WALKER IN CAIRO AND ANDREW WHITLEY IN JERUSALEM

PRESIDENT Hosni Mubarak of Egypt and Mr Shimon Peres, Israel's Foreign Minister, have agreed on the need to stage an international Middle East peace conference this year, but there is little optimism in Cairo about such an event taking place.

Egyptian officials cite many obstacles in the way of an international conference, such as the disarray in the Arab world, deep divisions in Israel on the question, the estrangement between Jordan and the Palestine Liberation Organisation (PLO) and lack of solid American support for a gathering that would involve the Soviet Union.

Egypt said the Peres visit, officials say, as an opportunity to encourage the peace faction in the Israeli Government. An Allied aim was to seek to assist Mr Peres electorally by indicating he was a figure acceptable to moderate Arab leaders.

But Mr Peres himself was seen to be speaking with only limited authority in his discussions with President Hosni Mubarak and Foreign Minister Esmat Abdel Meguid.

In Jerusalem Israelis are bracing themselves for showdown between Mr Peres and Prime Minister Yitzhak Shamir at tomorrow's scheduled Cabinet meeting, when the Foreign Minister will report back to

Second tunnel link planned for Hong Kong

BY DAVID DODWELL IN HONG KONG

A HK\$4.4bn (£366m) debt and equity package was unveiled in Hong Kong yesterday for the construction of a road and rail tunnel linking Hong Kong Island with Kowloon.

The tunnel, the second linking Hong Kong Island to the mainland, will take 31 years to complete, and will be one of the territory's biggest ever public service projects.

The consortium that will operate the road tunnel includes the Hong Kong Government, prominent mainland Chinese interests, and has mainland and Hong Kong banks leading in arranging loans amounting to HK\$3.3bn.

The consortium, with a franchise to operate the tunnel that extends for 30 years, is seen as staking its confidence in the territory once sovereignty is transferred to Peking in 1997. Provision has been made for the New Cross Harbour Tunnel Company — the consortium operating the road tunnel — to be publicly floated, with a listing on the Hong Kong stock exchange.

Yesterday the consortium committed itself to providing HK\$1.1bn in equity funding for the project. Repayment will come from tolls imposed on tunnel users. Tolls on cars using the existing tunnel — which paid for itself within four years of starting operation — are HK\$10, half of this going to the Government.

HK\$2.8bn will be for the road tunnel, with HK\$1.6bn being

raised for the Eastern Harbour Crossing Company, controlled by Hong Kong's Mass Transit Railway Corporation (MTRC), which will have a 22-year franchise to operate the railway. This will link at both ends with arms of the MTRC's mass transit network.

Mr Peter Jacobs, Hong Kong's Financial Secretary, said the project would receive no government guarantee or financial backing, but said there was close government involvement in the project, both in the planning stages, and in the provision of land and operating franchises at no cost to the operators.

"The partnership between the Government and the private sector which has resulted in the construction of the new harbour crossing at no cost to the taxpayer is a prime example of what can be achieved through free enterprise and initiative," Mr Jacobs said.

"It also represents a substantial vote of confidence on the part of the private sector in the future prosperity of Hong Kong," he added.

An more ambitious project — a HK\$2.5bn proposal to build an airport in the west of Hong Kong — was also discussed.

Among the ten lead managers for the loan to the tunnel project are the Hong Kong branch of the Bank of China, Barelays Bank, the Hongkong and Shanghai Banking Corporation, Standard Chartered Bank, and the Hang Seng Bank.

Bomb casts shadow over Afghan peace talks

By Robert Mauthner, Diplomatic Correspondent in Geneva

MR YAUQUE KHAN, the Pakistani Foreign Minister, yesterday cast a shadow over the United Nations-sponsored indirect talks in Geneva between Pakistan and Afghanistan by accusing the Kabul regime of deliberately jeopardising prospects for a settlement of the Afghan conflict.

In a statement issued on the third day of the resumed talks which, it is hoped, will lead to an agreement on a timetable for the withdrawal of Soviet troops from Afghanistan, Mr Yauque Khan said his government had taken "an extremely serious view" of the Afghan bombing raid on Thursday of two Pakistani villages near the Afghan border.

Afghan jets bombed a Pakistani border area for the second successive day today, killing 43 Afghan refugees and wounding many others, an Afghan guerrilla party, Hezb-i-Islami, said. Pakistani officials confirmed two camps were bombed but did not have casualty figures.

Describing the raid, in which 40 were reported killed and 200 injured, as "a barbarous and wanton attack on defenceless civilians," the Pakistani Foreign Minister said his government reserved the right to make a suitable riposte.

Meanwhile, there was no indication that the talks, at which Mr Diego Cordovez, the UN special envoy, is acting as a go-between, have been making any headway. Most of the optimism has come from the Afghan side, which has said that it wants to conclude a settlement soon and which is expected to table new proposals for a Soviet military withdrawal from Afghanistan.

Those proposals will have to be a radical improvement on the original four-year time-table put forward by Kabul, if they are to satisfy the Pakistanis and their western supporters, in particular the US, which wants to see the 115,000 Soviet troops leave Afghanistan within a few months.

Ian Rodger looks at rationalisation in the steel industry

Contraction without tears in Japan

January current account surplus reaches record

BY CARLA RAPOPORT IN TOKYO

Japan's current account surplus reached a record for the month of \$1.55bn, before seasonal adjustment, against the previous record of \$1.9bn set in January last year. This will bring little cheer to its major trading partners.

Ministry of Finance officials were quick to point out yesterday that the surplus was well down on last December's monthly surplus record of \$2.36bn. Still, exports are expected to slow at the start of the year.

Even so, Japan managed to push up exports by 16.1 per cent to \$14.6bn, while imports fell 12.8 per cent to \$8.9bn. A sharp surge in auto exports to Europe was the main reason for the increase in the trade imbalance in January, government officials said.

Because of this common view and approach, it is difficult for anyone to argue that the companies are doing the wrong thing. When Nippon Steel's vice-president Akira Miki said last week: "We must carry out this streamlining or else there will be no Nippon Steel tomorrow" few could disagree.

That is one reason why trade union reaction has been muted. Union officials have tended to say that the redundancy plans are unfortunate for the workers and communities affected, but they are understandable.

Employees know also that they will not simply be thrown out on the street. The retrenchment programmes will be carried out over a long period, allowing for the maximum effect of retirements and other natural wastage. Nippon Steel said it expected to find internal jobs for 6,000 of the 18,000 employees affected by its plan. Kobe Steel said no one would be fired as a result of its plan.

The companies are busy diversifying into other businesses, partly with the hope of finding jobs for many of the others, partly with the aim of developing stronger earnings streams. Kawasaki Steel, for example, expects that 40 per cent of its business will be non steel by the year 2000, compared with about 20 per cent now.

In western Europe and the US, restructuring programmes were often delayed until the companies were too weak financially to carry them out without sudden and drastic cuts. The Japanese steel companies, by contrast, have huge reserves, mainly in the form of share of companies and banks acquired over the years as well as large property holdings.

One indication of their strength is that the big five are all considering issuing Euroyen bonds in the next few months to reduce their borrowing costs. Few European or US steelmakers would be welcomed in any capital market these days.

In most west European countries, steel restructuring programmes have been hindered by political intervention. In Japan, that is most unlikely. For one thing, the companies are all in the private sector. For another, their need to restructure has arisen from the government's acceptance of the need to reduce Japan's dependence on exports of manufactured goods.

The only question that remains is whether the cuts will be enough. Many analysts expect that Japan's steel output will have to fall much more than 6 per cent over the next four years, partly because of the foreseeable decline in demand from Japanese steel-consuming industries and partly because of the growth in steel imports, some of which are coming from captive sources.

The rapid rundown of shipbuilding plus the plans of the car makers to shift production to the US, for example, will continue to depress steel consumption in Japan. Last year's total of new ship orders amounted to only 8.5m tonnes, compared with a record 33.8m tonnes in 1973.

Meanwhile, the steel trade profile is changing rapidly. Steel exports dropped 8.9 per cent last year to 29.9m tonnes, while imports rose 117 per cent to 3.2m tonnes.

Some analysts talk of output declining to 70m or 80m tonnes in the early 1990s, which suggests that more rationalisation will be necessary within a few years. By then, the companies will probably have successfully diversified into other businesses and be able to absorb the contraction with even less fuss than now.

W German trade surplus falls

WEST GERMANY yesterday announced figures showing a sharp drop last month in its trade surplus with the rest of the world from record levels late last year. Reuter reports from Wiesbaden.

The Federal Statistics Office said the January surplus fell to DM 7.2bn (£2.5bn) from a record DM 11.8bn in December. West Germany's export boom has been pinched in recent months by weakness of the dollar and appreciation of the D-mark in the foreign exchange.

Until now the trade surplus kept rising because cheaper oil and the weak dollar also depressed the value of imports. In January, however, the value of exports fell 16 per cent from December. Imports fell by only 8 per cent in value.

The January trade surplus was only slightly higher than one of DM 7bn in January 1986. For the whole of 1986, West Germany had a record trade surplus worth \$62bn.

Yugoslav banks misappropriated \$127m, says PM

YUGOSLAVIA'S Premier Branko Mikulic has revealed that his government had been unable last year to halt unauthorised operations by Yugoslav banks amounting to \$127.5m. AP reports from Belgrade.

The state-run Tanjug News Agency quoted Mr Mikulic as telling parliament this week that such banks caused "huge material damage" to the country.

Mr Mikulic made the statement in a speech announcing a partial wage freeze and other measures to contain Yugoslavia's runaway inflation and help halt its economic decline.

According to Tanjug, he said 35 banks had been found to have misappropriated 33bn dinars (£47m) in credits earmarked for subsidising exports and for agricultural production.

Mr Mikulic did not say for what purpose the funds had been used by the banks, hinting government departments in charge had been slow and ineffective in taking action against offenders.

Strauss protest in Vienna

BY PATRICK BLUM IN VIENNA

POLICE AND environmental demonstrators clashed outside Vienna's opera house on Thursday night to protest against the presence of Mr Franz Josef Strauss, the Bavarian Premier, at opera's prestigious annual ball.

Mr Strauss has angered Austrian environmentalists over his unending support for building a nuclear reprocessing plant at Wackersdorf, near the Austrian border. The plant's

planned construction has caused friction between the Austrian Government and the Bavarian authorities as well as being the target of numerous protests by Austrian environmentalists.

Baton-wielding police broke up the demonstration of some 500 "green" supporters. Forty demonstrators were arrested and several people injured, including 13 policemen. Mr Manfred Seb, a Green MP, accused the police of unprovoked and excessive brutality.

Lloyds Bank 1986 Results

The main features of the year were:

- ☐ Earnings per share doubled in two years.
- ☐ Dividend up by 29 per cent in 1986.
- ☐ 1 for 2 scrip issue.
- ☐ Capital base and sovereign debt provisions strengthened.

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Sir Jeremy Morse, Chairman of Lloyds Bank Plc

Dividend

A final dividend for the year to 31 December 1986 of 11.75p per share has been declared

LLOYDS BANK PLC FINANCIAL HIGHLIGHTS OF THE YEAR ENDING 31 DECEMBER 1986

	1986	1985	Increase
Profit Before Tax	£700m	£561m	25%
Profit After Tax	£470m	£331m	42%
Post-Tax Return on Average Total Assets	1.01%	0.77%	
Post-Tax Return on Average Equity	18.5%	15.1%	
*Earnings Per Share	87p	62p	40%
*Dividends Per Share	18.0p	14.0p	29%
Dividend Cover	4.8 times	4.4 times	

*1985 figures have been adjusted for the capitalisation issue in 1986.

(1985: 9.0p adjusted for capitalisation issue in 1986), making a total for the year of 18.0p per share (1985: 14.0p). With the related tax credit this is equivalent to 25.4p per share (1985: 20.0p). The final dividend is payable on 3 April 1987 to shareholders registered on 12 March.

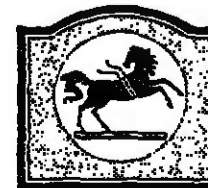
Proposed 1 for 2 scrip issue

Shareholders will be asked at the Annual General Meeting to approve the issue of one new fully paid ordinary £1 share for every two shares held, by capitalising part of the reserves.

Further information

Further details of Lloyds Bank's 1986 results may be obtained from:

Corporate Communications Division, Thames Tower, Princess House, 152/156 Upper Thames Street, London EC4R 3UJ. Tel: 01-929 2777.



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UK NEWS

Two leading retailers plan to expand Far East trade

BY LISA WOOD

MARKS and Spencer and Sir Terence Conran's Storehouse Group, two leading retailers, yesterday separately announced plans for expansion in the Far East.

M and S is to open initially one or two small stores in Hong Kong where it has supplied merchandise to Dodwell Stores, a subsidiary of Inchcape, the international services and marketing group, for the past 20 years.

BHS, a subsidiary of the Storehouse Group, will now supply the six Dodwell stores. Sir Terence Conran said yesterday that while the agreement would initially apply to the range of BHS products, both parties were committed to developments involving all Storehouse products.

He said, "As soon as this operation is established, we shall be looking together for

further opportunities throughout the Pacific."

Storehouse's existing trading relationships in Singapore, Malaysia, Hong Kong and Japan, involving its Habitat and Mothercare subsidiaries, will not be affected by the arrangement.

The ending of the trading relationship between Inchcape Pacific, the Inchcape subsidiary responsible for the Dodwell stores, and M and S was described by both parties as amicable. The two companies have been talking for some time about how to develop Far Eastern markets and ultimately did not agree on the strategy.

Inchcape said BHS procured more of its merchandise from the Far East than M and S. Under the new arrangement, Dodwell Stores would produce goods in the Far East to BHS standards and design but tailor them to Hong Kong needs, such

as smaller sizes.

No timing has been given for M and S stores to open in Hong Kong. They are expected to be smaller than those in the UK and will sell products already exported to Dodwell stores. These include underwear, lingerie, toiletries and cosmetics. The sale of foods is also being considered.

The overseas growth of M and S has been slow and sometimes troubled. It has eight stores on the continent, one in Dublin and 68 in Canada. In addition, it owns the D'Alaird and Peoples Stores in Canada. In December, M and S announced it was dipping its toe into the US market.

Four women's stores, operating under the D'Alaird name, will open in New York state this spring. The new stores will be under the M and S name in the same state within the next 18 months.

Porsche to take over British importer

By John Griffiths

PORSCHE, the West German producer of the sports car perhaps most coveted by the UK "supplies," is to take full control of its British importer from March 30.

The takeover of Porsche Cars (GB) will mean the departure as managing director of Mr John Aldington, who first worked for Porsche part-time in 1954 and went on to control a 40 per cent stake in the highly profitable sports car franchise.

Ironically, he is cutting his direct ties with Stuttgart at a time when Porsche's UK fortunes have been severely hit by the appreciating D-Mark.

Sales are down by nearly 40 per cent this year compared with the same period of 1986—a year in which Porsche had record UK sales of 3,705 cars. Its performance is now being affected sharply by a cumulative 21 per cent price increase last year as the D-Mark strengthened.

Mr Aldington last night rejected suggestions of a link with his decision to dispose of his job and holding.

"I have come to appreciate someone's remark that this life is not simply a rehearsal for the next," said Mr Aldington, who is 52. "I intend to reduce the pace of living imposed by being managing director and shareholder, and the extent to which it chained you to your desk."

He is also to sell his minority holding in AFN, Britain's oldest Porsche centre and the original Aldington family business. However, he will "remain active in the Porsche world" through a role, as yet undefined, in AFN.

The 60th anniversary of AFN (manufacturer of the historic Frazer Nash cars) is to be celebrated on March 15 at what remains of the Brooklands racing circuit in Surrey.

Mr Aldington voiced continuing optimism about Porsche's prospects in the UK. "You have to expect something to happen when faced with a 20-30 per cent increase in the D-Mark. And it has already happened to us three or four times. Do not forget, I started in this business when the D-Mark stood at 11.78 to the pound." It now stands at 2.75.

He forecast that it would take the market about six months to adjust. "New business is not affected—it's the old customers you have to help adjust to the shock."

North Sea oil at highest value for a year

THE value of North Sea oil rose last month to its highest level for a year, economists at the Royal Bank of Scotland said yesterday. A combination of higher oil prices and increased production put 25 per cent on the value, with January's output worth \$32m a day.

But uncertainty over world oil prices meant there was a "strong case" for the Government to stimulate development of new fields through a tax incentive for oil companies, the bank said.

To be effective, this would have to be "both significant and temporary." It could best be achieved by short-term relaxation of some provisions of petroleum revenue tax so some development costs could be offset against liabilities.

The bank's monthly North Sea oil index shows that production rose from a level of 142.8 in December to 180.6 in January. The index is based on a figure of 100 for 1980—the year Britain achieved oil self-sufficiency.

Homeless 'threatened by reform of grants'

MORE THAN 130 voluntary groups could be disbanded as a result of the Government's Local Government Bill, the Association of London Authorities has warned.

Every organisation providing hostel accommodation for London's single homeless people could be affected, if the bill's proposal to end the £5.5m in grants given by London Councils goes ahead. Under the proposal, the Government would have to approve each grant.

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INVESTMENT SERVICES

Peter Riddell considers the lessons of the Greenwich by-election

Alliance triumph is not a trend

MRS ROSIE BARNES' victory for the SDP/Liberal Alliance in the Greenwich by-election was spectacular by any standards. It was the Alliance's best by-election performance of this parliament, and its first gain of a previously Labour seat for four years.

But the result was also exceptional in other respects. It does not represent the start of a national trend in Labour seats. It has not broken the mould of British politics.

The real significance of Greenwich is in affecting the morale of each party and the general political mood as reflected in opinion polls. In these terms the outcome is dreadful for Labour, a clear triumph for the Alliance and poor, though ambiguous, for the Conservatives. It increases the uncertainty about the timing of the General Election.

The result reflects the curious chemistry of modern by-elections, with the intense media interest, frenetic activity by the parties and plethora of opinion polls.

At some stage momentum develops behind a candidate, producing a bandwagon. This draws in support from sympathisers of the party shown at third place in the polls, described by some observers as tactical voting.

At Greenwich the polls suggested more than a fortnight ago that the Tories would be in third place, and his vote duly fell.

Mrs Barnes, a 40-year-old mother of three, a market researcher and new to politics with the SDP's formation in 1981, projects just the kind of classless image the Alliance always proclaims. Even her first name Rosie conveys just the right upbeat note.

By contrast, Labour's Ms Deirdre Wood undoubtedly suffered from unsavoury attacks on her personal life in the Sun and the News of the World.

But her problems were much deeper. The Alliance skilfully mounted a stop-Labour campaign to appeal to Tory supporters by presenting Ms Wood as the epitome of the hard left in London on issues like education, the police and attitudes toward Northern Ireland. And the Alliance also played the defence card over Labour's unilateralism.

The independent-minded (or perhaps maverick) Labour MP



Rosie Barnes: projecting a classless image.

CHANGE IN PARTIES' SHARE OF THE VOTE AT BY-ELECTIONS SINCE 1983 (EXCLUDING NORTHERN IRELAND)

	Cons	Lab	All
Penrith	-12.8	-5.9	+16.7
Chesterfield	-17.3	-1.6	+15.3
Surrey SW	-10.4	-1.5	+11.3
Safford	-10.8	+3.7	+7.1
Cynon Valley	-6.8	+2.8	-0.7
Portsmouth S	-15.7	+3.9	-12.2
Bedford Southgate	-8.5	+6.8	-12.2
Barnes and Morden	-20.5	+9.3	+11.3
Tyne Bridge	-14.1	+1.3	+11.4
Fulham	-11.3	+10.4	+0.4
Rydam	-17.9	-1.9	+19.8
Derbyshire W	-16.3	+2.7	+12.4
Newcastle-U-Lyne	-17.3	-1.2	+17.2
Knowsley N	-13.8	-8.2	+19.8
Greenwich	-23.4	-4.4	+27.9

Mr Frank Field said yesterday that the result could not be dismissed as just a result of smears and tactical voting. He said it showed that what the candidate stood for was unacceptable to many people.

Several other Labour members privately agree, but they cannot do anything about it, at least this side of the General Election, and have lowered their sights, principally to hoping that the Tories can be denied an overall majority. This pessimism, already evident before Greenwich, will now be redoubled.

Yet the Greenwich result is unlikely to be repeated except in a very few cases. By-elections do produce results out of line with national trends which are

has started which in the short term produces fatalism rather than action.

Labour's problem is that increasing numbers of its own leaders and MPs do not believe the party can win the General Election, and have lowered their sights, principally to hoping that the Tories can be denied an overall majority. This pessimism, already evident before Greenwich, will now be redoubled.

Yet the Greenwich result is unlikely to be repeated except in a very few cases. By-elections do produce results out of line with national trends which are

Restaurant drinks law reform

BY IVOR OWEN

A PRIVATE member's bill that will permit restaurants to serve alcohol with meals throughout the day passed all its stages without discussion in the Commons yesterday.

The Licensing (Restaurants Meals) Bill has already been approved by the House of Lords, where it was introduced by the Conservative backbench peer Viscount Montgomery of Alamein.

The bill, which in effect ends the afternoon break during which restaurants have not

been permitted to serve alcoholic drinks with meals, will come into force two months after receiving Royal Assent. It is expected to become operative in May well before the spring bank holiday.

During an earlier debate on licensing reform and the problems of alcohol excess, Mr David Waddington, Home Office Minister, described the bill as a "very modest reform."

He said it would end an anomaly which visitors to Britain, accustomed

to having a drink at any time with meals in restaurants in their own countries, found puzzling.

Commenting on the case for wider reform, he contended that some modest relaxation in the present licensing hours would not lead to an increase in those who drank to excess.

He agreed with Mr Alf Dubs, a Labour home affairs spokesman, that it would be preferable for further reforms not to be introduced piecemeal.

Technology training incentives urged

BY IVOR OWEN

EXPANDED tax incentives to encourage training in information technology were urged by Mr Michael Marshall (Con, Arundel) in the Commons yesterday.

He suggested that costs incurred by both companies and individuals in providing and undertaking such training should be tax deductible.

Mr Marshall, a former junior industry minister, is chairman

of the Parliamentary Information Technology Committee. He said more generous tax allowances would help bridge the "skills gap" and eventually mean jobs for many unemployed.

Dr Jeremy Bray, from the Labour front bench, blamed the lack of adequate training facilities for information technology on government failure to launch initiatives which only it could mount.

He said piecemeal development of direct broadcasting by satellite had not led to the pace of cohesive development which was originally expected.

Mr Michael Howard, Minister for Corporate and Consumer Affairs, rejected the charge. He cited widespread introduction of computers in schools as an example of government efforts to promote the widest possible use of information technology.

Air freight agents consider legal action

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LEGAL action for damages is being considered by some freight forwarders which claim to have lost considerable sums because of failures with the Travicom computer cargo handling system at Heathrow airport, London.

Smaller agents may accept a compensation offer from Travicom.

Freight agents and airlines met near Heathrow yesterday to discuss action as a result of the problems they claim were caused by breakdowns in the Travicom system.

Travicom is owned by British Airways with 82 per cent of the shares with British Caledonian holding the remainder.

It provides computerised passenger and cargo handling facilities for its owners, other airlines and for many freight agents.

Breakdowns with the cargo side of the system over recent weeks (the passenger side has worked well) caused cargo delays and, it is claimed, consequential losses for freight agents and shippers.

Recently, Travicom sent a letter to cargo agents and airlines offering compensation and new contracts as a result of the difficulties with the system.

There was no agreement on how to deal with the matter at yesterday's meeting. The agents said to be in favour of taking legal action are expected to

discuss this at another meeting next week.

● Air travel in the UK continued to rise in January, with the seven airports owned by BAA (formerly British Airports Authority) handling some 4.7m more passengers than the 3.7m last January.

Heathrow recorded a gain of 4 per cent to 2.3m, despite bad weather during the month which affected some domestic air traffic. Markets which recorded increases were Europe (up 5 per cent), North Atlantic (up 5.7 per cent) and the Far East (up 23 per cent).

Gatwick, London, continued its expansion with a gain of over 12 per cent to 976,000 passengers.

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Broker seeks out-of-court deal

BY CHRIS SHERWELL AND BRUCE JACQUES IN SYDNEY

ALEXANDERS Laing and Cruickshank, the UK broking firm owned by Mercantile House, faced a payment of up to \$630,000 (£330,000) if a Melbourne judge accepts an out-of-court settlement of an Australian corporate takeover controversy.

The proposed deal, revealed yesterday, would involve a tacit admission from Alexanders over controversial accusations made against it by the National Companies and Securities Commission, the Australian Government's share market watchdog.

The NCSC had declared an Alexanders share purchase "unacceptable" and had sought a court order vesting the shares in itself for disposal through the

market.

The case—centring on a contested takeover bid—was to come to court on Monday after almost a month of mostly procedural hearings. But as a result of negotiations between the two rival suitors a settlement will now be put before the judge for his agreement.

The prospective settlement would end a protracted tussle for control of Humes, a quoted Melbourne building materials manufacturer, in favour of the Smorgon family, which runs a private steel and packaging business.

It would also end litigation between Smorgon and its competitor, Unity-APA, an investment group headed by Mr Garry

Carter, the Sydney-based entrepreneur who launched an all-paper bid for Humes last July.

The NCSC stepped in last December after Alexanders purchased 13.6m Humes shares in a single day, driving up the price and effectively undermining a rescue of Humes.

The rescue plan took the form of a reverse takeover by Smorgon, which had appeared as a "white knight." Alexanders' purchases, made on December 2 through May Mellor Laing and Cruickshank, its Melbourne associate, cost about A\$58m.

Under the latest deal Unity-APA would sell its stake in Humes to Smorgon and the two would discontinue their litigation against each other.

Newspaper cleared in circulation war

BY RAYMOND SNODDY

THE OFFICE of Fair Trading (OFT) has cleared the London Evening Standard of uncompetitive practices in the London evening newspaper circulation war.

Sir Gordon Borrie, director general of the OFT, has written to solicitors acting for Mr Robert Maxwell, publisher of the London Daily News, saying

that the OFT is not launching a formal investigation under the Competition Act.

Sir Gordon notes that the Evening Standard has exclusive distribution deals with some newspaper vendors but adds that there is nothing to stop Mr Maxwell doing the same, so long as no obstructions are caused in the streets.

The competition between London's three newspapers increased yesterday when the Evening News, revived on Tuesday as a 24-page paper, increased its pagination to 32 pages. Associated Newspapers, the publisher, says more than 100,000 copies of the one-edition newspaper were printed yesterday.

Planners urge local government reform

BY OUR CONSTRUCTION CORRESPONDENT

THE Royal Town Planning Institute is calling for a radical reform of local government in Britain, with the creation of 11 elected regional authorities in England and Wales to replace the existing 54 county councils.

The regional authorities would be concerned with local economic development and strategic planning, housing,

transport, environment and community services.

Together with more effective central Government planning, stronger regional planning powers, are essential when major national investments such as the Channel Tunnel and third London airport are being considered, says the Institute.

The proposals are in a report commissioned by the Institute to examine the effectiveness of regional planning and was prepared under the chairmanship of Mr Urian Wannop, of Strathclyde University.

Strategic Planning for Regional Potential, RTPI, 26 Portland Place, London W1N 4BE, £5 including postage and packing.

Consortium plans £100m housing scheme

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

A CONSORTIUM of housing associations and developers including Lesser an Croudeace has put forward a £100m proposal to build 1,400 homes on the 40-acre Bricklayers Arms disused railway site off the Old Kent Road in the London borough of Southwark.

The scheme is to be backed by either the Nationwide or the Abbey National Building Society, and was initiated by the architects Pollard Thomas and Edwards.

The plan is to provide a mixture of 40 per cent of the homes for sale and 60 per cent available either at a low rent or on shared ownership schemes by which the occupiers partly rent and partly buy their homes.

The proposal is described by the consortium—which will be

known as the Bricklayers Arms Trust—as one of the largest community housing projects ever planned.

"It is an enormous scheme for the London area," said Mr Michael Smith, director of consortium member London and Quadrant Housing Trust.

It rivals the major local authority schemes of the past in size, and no local authority is undertaking housing projects of anything like this scale now.

The consortium hopes that its bid—which includes an offer of £20m and £25m for the land—will be favourably considered by British Rail.

The mix of housing makes it more likely to get planning permission from a local authority which wants to see more homes

for rent than a builders' scheme offering just homes for sale, say the developers.

"There is a huge demand for rented housing in London and this makes us very optimistic about our proposal," said Mr Smith.

The site is expected to be the subject of fierce bidding and competition from housebuilders.

British Rail is expected to announce the successful bidder for the site by the end of March.

A system of equitable rents for homes based on a combination of the capital value of the property and the speed of property price changes in an area has been proposed by the Institute of Rent Officers as a way of increasing the supply of homes to rent.

The Institute has put forward the proposal in a report issued in response to the Duke of Edinburgh's inquiry into British housing.

"A system of equitable rents based on the concept of rent fixing by reference to capital values but with regard being paid to variable equity growth would ensure a relatively stable progression of rental income consistent with the underlying trend of national economic activity," it says.

This would help ensure both a fair return for landlords and reasonable rents for tenants, it adds.

Equitable Rents from the Hon. Secretary, M. R. Webber, Musgrave House, Musgrave Road, Exeter, Devon, EX4 3TW, £5.75p.

Today poster banned

By Fiona McEwan

THE Advertising Authority has banned a nationwide advertisement for Today newspaper after people complained about a poster featuring three political leaders with their necks in nooses.

This is the first time the authority, the industry watchdog, has asked anyone to obliterate a poster because it contravened the industry's code, though withdrawal of press advertisements is not unknown.

The poster, which shows Mrs Margaret Thatcher, Mr Neil Kinnock and Mr David Owen as if they have been lynched, carries the line "Would Britain be better off with a hung parliament?"

Following its appearance on billboards at the weekend, the authority was swamped with complaints on grounds of taste and decency. On Monday 123 letters came in, and Tuesday 78 with more following. The usual level of complaint is about four or five.

Such was the weight of objection that Lord MacGregor, the authority's chairman, exercised his executive powers to respond immediately with the ban.

Two other posters in the hard-hitting campaign, from the agency Yellowhammer, are unaffected by the ban.

Most complaints arose from people who said that being a poster, unlike other media, it was impossible to ignore.

Optimism over shipbuilding

BRITAIN'S merchant shipbuilding industry is holding its own, although orders are down worldwide, Mr Maurice Phelps, the state-owned industry's acting chief, said yesterday.

The priority was to find orders for the Govan yard on the Clyde, which runs out of work with the delivery of a ferry next month.

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Institutions 'too dependent on takeovers'

BY ERIC SHORT

INSTITUTIONAL shareholders were accused by Mr David Walker, executive director of the Bank of England, yesterday of inertia in their attitude towards companies in which they hold stakes.

He told delegates at the annual investment conference at Eastbourne of the National Association of Pension Funds that too often investment managers relied on takeovers to solve the problem of underperforming companies instead of taking steps to secure improvements from the boards and management.

Mr Walker agreed that mergers and acquisitions played a significant role in the working of the market mechanism. He felt, though, that the market was too dependent on them for getting improvements in performance especially where a contested takeover could push the share price up by as much as half.

He believed it was a sorry indictment of the market if mergers and acquisitions were regarded as the only solution, however. He argued that it was not a logical proposition that a failure in management necessarily required a change of ownership.

Mr Walker referred to the initiatives being taken to get institutions to take a closer interest in companies and hoped that the Task Force set up under the president of the Confederation of British Industry would help to achieve something of a breakthrough in that respect.

In contrast, he urged fund managers to use their bargaining power judiciously in the marketplace that had arisen after deregulation.

Fund managers were benefiting greatly from the unprecedentedly keen competition among market-makers, especially from lower commissions. But delegates should consider the future structure of the market as well as minimising current dealing and investment costs.

A future market with a significantly reduced number of market-makers would be far less accommodating for most investors.

In particular, Mr Walker was uneasy that cost pressures



David Walker: sorry indictment of the market

would cause market-makers to cut research. The development of new, more efficient and liquid markets called for more rather than less high-quality research.

Mr Walker hoped to see more free-standing research capability within companies, which would be separately remunerated.

Finally, he felt that a fresh examination was needed of the responsibilities of trustees of pension schemes and their role in the formation of pension investment strategies. That task, he considered, could well be undertaken under the auspices of the NAFI.

Hodgson Impey takes partner

FROM February 2, Hodgson Impey, the national firm of chartered accountants, has taken into partnership at its Edinburgh office Mr Angus W. B. Davidson, also of Edinburgh.

Mr Davidson continues to operate from his original office at 30 Cornhill Road under the name of Hodgson Impey Davidson.

BR fund to auction Old Master prints

By Antony Thorncroft

THE BRITISH Rail Pension Fund is to sell 100 Old Master prints from its work of art portfolio. They will be auctioned at Sotheby's on June 29 and should bring in around £15m.

The decision by the fund to diversify into works of art in the mid-1970s caused a considerable stir. In 1980, when art accounted for about 44m of its total portfolio of £5.5bn, the investment ceased.

In all, the fund owns 2,000 items, including Old Masters and Impressionist paintings, drawings and prints and Chinese ceramics. Most are on loan to museums and galleries.

One reason for disposing of the Old Master prints is that they cannot be put on public display: they are too delicate. Another is that Mr Maurice Stonecroft, the fund's chief executive of the new, is re-assessing its investments.

The market for Old Master prints is quite strong, making them an ideal sector to test the long-term viability of investing in works of art. The fund has sold items in the past but never on this scale or so publicly.

Sotheby's acted as advisers to the pension fund and sold it some of the prints. On offer on June 29 is a Rembrandt, St Jerome in an Italian Landscape, which cost £36,400 in 1976 and is now estimated to be worth between £100,000 and £130,000.

A Durer print, The Virgin and Child with the Monkey, now carries an estimated £26,000 to £30,000 price-tag as against the £7,400 the fund paid for it in 1976.

On the surface such appreciations in value do not seem excessive, given that the fund has enjoyed no dividends from its purchases. But such prints are rare and have international appeal. The prices in the saleroom on June 29 could far exceed the estimates.

The fund will delay any decision on disposing of other works of art until after the auction.

Philip Stephens looks at Mr Lawson's Budget prospects Fortune smiles on the Chancellor

IF THE National Institute for Economic and Social Research can put a smile on its face over the economic outlook, Mr Nigel Lawson, the Chancellor, must be positively beaming.

The institute, traditionally among the gloomier of the independent forecasters, this week fell into line with the emerging consensus that Britain faces a period of strengthening economic growth in the run-up to the election.

Its projections came as City economists were busy revising upwards their estimates of the likely scope for tax cuts or reductions in borrowing that Mr Lawson will have in his March 17 Budget. Forecasts of a 5.5bn "fiscal adjustment" are now at the low end of the range.

The latest institute review did repeat its long-standing concerns about the medium-term outlook for Britain's trade position and for inflation. It acknowledges, however, that the warning signals in the run-up to the election may be more muted than previously anticipated.

The Budget forecasts now being prepared in the Treasury will be less equivocal. Mr Lawson is expected to predict overall growth of 3 per cent or slightly more this year, with non-oil output rising by perhaps 3.5 per cent. The slogan is "the seventh year of steady growth."

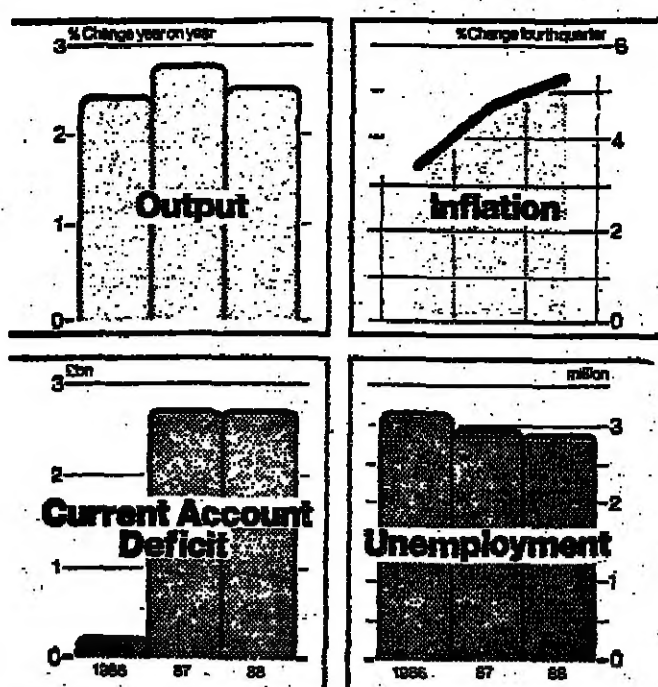
Consumer spending will receive an added boost from the now inevitable Budget tax cuts. And since the Chancellor's last set of forecasts at the time of November's Autumn Statement, the prospects for exports and investment may also have improved.

Discounting yesterday's erratic figures, there is growing confidence in Whitehall that the strong upturn in exports at the end of last year will continue into 1987.

Treasury officials believe that the recent accord among the leading industrialised countries has further improved the outlook. If Japan and West Germany carry out their promises to stimulate their economies, that will feed through to stronger world trade.

The Chancellor has made it clear that he is unwilling to allow last year's sterling devaluation to be reversed, thus ensuring that the competitive gains for British industry are maintained.

That in turn signals an early cut in interest rates if the Budget is well received on financial markets, leading to lower



mortgage rates and reduced pressure on the retail price index.

Mr Lawson will probably have to acknowledge that inflation will edge higher than projected in his last forecasts, but like previous upturns over the past few years it will be characterised as a "temporary blip". The consensus is that by the end of the year the inflation rate will still be slow 5 per cent.

The short-term picture is not without other blissses. With imports still rising faster than exports, Britain can expect another record visible trade deficit. And as Mr John Smith, Labour's shadow trade and industry secretary, pointed out this week, investment and output in manufacturing industry is still below 1979 levels.

At the same time, yesterday's figures suggest that the cushion provided by earnings on Britain's overseas assets is not as buoyant as was widely assumed.

It is nevertheless difficult to escape the conclusion that as

far as the economic cycle is concerned the Government could not choose a better year to go to the polls.

Despite Mr Lawson's dogged attempts to enforce the most stringent pre-Budget purdah in living memory, Mr Margaret Thatcher—who never forgets her position as First Lord of the Treasury—has been busy outlining its general thrust in a series of interviews and speeches.

Treasury officials have also found it difficult to downplay the Chancellor's good fortune.

At this time last year Mr Lawson's press secretary was engaged in a vigorous campaign to persuade journalists that there was no room for tax cuts in the Budget. The 1p reduction in the basic rate thus came as a pleasant surprise.

This time round the stories in the press that Mr Lawson

will have 2.5bn or so to split between tax cuts and lower borrowing have not raised a murmur. The conclusion being drawn by some Whitehall insiders is that the "fiscal

adjustment" will be even higher. Officials are not raising eyebrows at the suggestion that it could be as much as £5bn. If that turns out to be so, being both prudent and generous will not be difficult. The £2bn reduction in the public borrowing target apparently being urged on the Chancellor by the Bank of England and some of the Treasury's top economists could be combined with tax cuts worth £3bn.

The latter could be translated into a 2p reduction in the basic rate to 27p and a determined effort to steal some of the opposition's clothes by targeting additional concessions on the lower paid.

Increases in thresholds above those needed to take account of inflation, a widening of the lower rate band for employees' national insurance contributions and even the introduction of a new lower rate tax band at 20p must all be possibilities.

A decision to freeze the duties on petrol, beer, wine and spirits would do nothing to harm the Government's electoral chances, while it would also dampen pressure on prices.

The more cynical in Whitehall suggest that the Budget might also be the moment to again raise the ceiling on planned public spending. Mr Lawson increased the total for 1987-88 by £5bn in his Autumn Statement, but might be persuaded to find even more in order, for example, to raise benefits for pensioners.

At the other end of the scale, Mrs Thatcher has indicated that she wants to bring down the top rates of tax, apparently to head off a renewed "brain drain" to the US. That is certainly on the agenda for a third Conservative term. Whether Mr Lawson will judge it politically prudent on March 17 is more difficult to gauge.

What is certain is that the Chancellor will have more scope than at any time since 1979 to implement his strategy—and that there will be one big surprise.

Metals trader faces winding-up order

By Raymond Hughes, Law Courts Correspondent

THE High Court is to be asked to wind up ACLI Metals (London), a former London Metal Exchange trader recently held by a judge to have been involved in a fraud against a Swiss metals company.

ACLI Metals (London)—AML—is part of the group headed by Donaldson Luffkin and Jenrette, the Wall Street securities firm.

The prospect of a winding-up move by Metall und Rohstoff, of Zug, Switzerland, based on the £30.45m judgment it obtained against AML on February 10, prompted an unsuccessful attempt by AML yesterday to get a stay of the judgment pending a possible appeal.

Mr Anthony Grabner, QC, for AML, told the Court of Appeal that if no stay were granted Metall would obtain a compulsory winding-up order, and the decision on an appeal would be taken by a liquidator, rather than AML's management.

Lord Justice Parker commented that it was possible AML and those behind it thought they could buy a great deal of time if there were a stay and an appeal, which they knew had no chance of succeeding.

Mr Grabner did not accept that that was so, but agreed it was a possible interpretation of the facts.

Lord Justice Parker said there was no warrant for granting a stay and dismissed AML's application with costs.

On February 10, Mr Justice Hobbhouse said that ACLI had had "guilty knowledge" of a fraud against Metall by Mr Rainer Glaser, the head of Metall's aluminium department; that AML employees had assisted in the fraud; and that the president and two vice presidents of AML's New York parent, ACLI International, had known what was going on.

He awarded Metall £36.45m damages in respect of a contractual debt and of metal held as security by AML, and £14.05m interest.

In addition to its winding-up petition against AML, Metall plans legal action in London against Donaldson Luffkin and Jenrette and ACLI International.

Free training for Honda bike buyers

BY JOHN GRUFFITHS

HONDA (UK) and its 500 dealers are to offer free training to all buyers of motor-cycles under 125cc.

The training, at 600 centres operated by the National Motorcycle Training Scheme and the

British Motorcyclists Federation, would have a total annual retail value of £250,000, Honda said.

The cost will be shared by the dealers and Honda, which is UK market leader, with a share of nearly 40 per cent.

The offer, to bike owners in the learner capacities, is a safety measure. Honda hopes it will also stop the drop in motorcycle sales which started in 1980, and which is due partly to the poor safety image.

APPOINTMENTS

Girobank head of lending services

GIROBANK has appointed Mr Douglas Martin as head of corporate accounts and lending services. This is a new, London-based post controlling all aspects of corporate lending. He was at National Westminster Bank's staff training college.

Mr John Bellamy, deputy general manager of NATIONAL WESTMINSTER BANK's related banking services division since 1983, has been appointed to the new post of director of group compliance with overall responsibility for ensuring effective compliance procedures involving investor protection throughout NatWest.

NEEPSEND has appointed Mr Derek Edward Philpot as finance director and company secretary. He was finance director of London & Midland Industrial. Mr Philpot succeeds Mr Denis Ward who is retiring from full-time executive duties, but remains a director.

Mr Kenneth Bacon has become chairman of STY DEFENCE SYSTEMS. Mr Peter Gershon succeeds him as managing director of STC Telecommunications. Mr Bacon remains chairman of STC Telecommunications until the handover is complete. Mr Gershon was managing director of ICL Network Systems.

Mr Bernard Fisher, managing director of WILTSHIRE NEWSPAPERS, Swindon division of Westminster Press, retires at the end of March, by his own request.

He will stay with the company as a consultant. His successor is Mr George Higgs, formerly managing director of WP's Oxfordshire division, Middlesex County Press, which was sold last October.

Mr Barry Stanton has been appointed head of administration at SENTINEL LIFE. He joins from Regency Life where he was general manager (administration).

Mr John Harvey-Jones, retiring chairman of ICI, has joined the board of THE ECONOMIST NEWSPAPER.

Mr Terry Pottinger has been appointed managing director of a new company, Moorgate Conferences & Incentives, formed by THE MOORGATE GROUP. Ms Jenny Yamamoto is appointed associate director.

Mr J. A. G. Wilson has resigned as director of EXCO INTERNATIONAL but remains chief executive of London Forfeiting Co. Mr H. C. Johns has resigned as secretary of Exco but remains a non-executive director. Mr E. C. Fank has been appointed secretary of Exco.

Mr Brian Boswell has been promoted to group chief accountant and treasurer of RENTOKIL GROUP.

THE STANDARD LIFE ASSURANCE CO has made the following appointments at head office in Edinburgh: Mr Sandy Skinner to assistant general

manager (pensions administration); Mr David Fotheringham senior administration manager; Mr Bill Rogers investment administration manager; Mr Andrew Clark assistant property investment accountant; and Mr C. W. Anderson assistant mortgage manager; Mr Alan Maxwell assistant marketing manager.

Mr Charles 'Mac' McCarthy, managing director of McCain Foods (GB), has been made a director of the parent company MCCAIN FOODS, of New Brunswick, Canada.

Mr John A. McDermott has been appointed a director of REDIFFUSION BUSINESS ELECTRONICS and will act as executive director of the communications division.

Ms Jackie Dickens has been appointed vice chairman of LEO BURNETT. She moves from head of planning.

Mr Jim Worrall has been appointed a main board director of SES ELECTROTECHNICAL SERVICES and will continue as general manager of the marine division.

Mrs Valerie A. Cracknell has joined the board of FOOD BROKERS (HOLDINGS).

Mr Peter Halliwell has been appointed managing director of JOTUL UK, Reading, a wood-burning stove and gas appliances company, part of the Norvex group. He remains

chairman of Grayhill Blackheat. Mr David Harper joins Jobal as sales director, gas division. He was previously sales director of Cannon Industries.

HOGG ROBINSON GROUP has appointed Mr Peter Marshall as non-executive director from March 1. He is deputy chief executive and director of finance of The Plessey Company. He is also chairman-elect of Ocean Transport & Trading.

Mr A. D. M. Ogilvie has been appointed to the board of FRAZER-NASH (ELECTRONICS). He joined the company in March 1985 as commercial manager on retirement from the army.

LONDON WEEKEND TELEVISION has appointed Mr Roy van Gelder as director of personnel and administration, and joins the board. He was director of staff relations.

Mr Takis Arapogios, formerly a managing director with Chase Investment Bank, has joined CHEMICAL BANK INTERNATIONAL as executive director responsible for corporate finance and business development in continental Europe.

Mr John Kelly, operations director of MECCA SOCIAL CLUBS, has been appointed deputy managing director. He also becomes a director of Mecca Leisure, the main operating subsidiary of Mecca Leisure Group.

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ECONOMIC DIARY

TODAY: Mr Rajiv Gandhi, Indian Prime Minister, presents 1987-88 Budget, New Delhi.

TOMORROW: Mr George Shultz, US Secretary of State, visits China (until March 6).

MONDAY: London: Sterling certificates of deposit for January. UK banks' assets and liabilities and the money stock (January). EEC Agriculture Ministers start two-day meeting to discuss price proposals and production cuts. Goldcrest informal shareholders meeting. Brazilian Finance Minister, Mr Nilson Funari, meets Mr Nigel Lawson, Chancellor of the Exchequer, at Brasilia's foreign dept. London: Mr John Moore, Transport Secretary, visits Eurochem exhibition, Paddington Station. Federation of Unions Summit. Electricity issues statement against privatisation. Sir Robert Haslam, chairman of British Coal, speaks at Coal Industry Society lunch, Park Lane Hotel, London.

TUESDAY: February UK official reserves. Capital issues and redemptions for February. Alliance Party statement on regional employment. Insurance Ombudsman publishes annual report. Mr Norman Tebbit, Conservative Party chairman, speaks at Alms of Industry lunch, Brewers' Hall, London.

WEDNESDAY: December figures for overseas travel and tourism. Advance energy statistics for January. The National Economic Development Council meets in London to discuss pay in the 1980s; the British labour market and unemployment; and an update on the food and drink manufacturing industry, with the Prime Minister, Mrs Margaret Thatcher, in the chair. Mr Douglas Hurd, Home Secretary, speaks at NUI conference on future and independence of EEC. Grosvenor Hotel, London. Midland Bank and Commercial Union Assurance annual results. British Tourist Authority publishes 1986 tourism figures. Leyland truck workers lobby Parliament against self-off deal with DAF. Mrs Linda Chalker, Foreign Office Minister of State, begins two-day visit to Rome.

THURSDAY: Fourth quarter UK balance of payments. Detailed analysis of employment, unemployment, earnings, prices and other indicators (March). Voting in European Parliament by election, West Midlands. Motor Show opens in Geneva (until March 15). Shell annual results. FRIDAY: Housing starts and completions in January. Fourth quarter figures for house renovations. Mr George Shultz visits South Korea. Hang Seng Bank annual results.

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(a) %									
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163	121	Ass.	Brit.	Ind. CULS	163	—	10.0	8.1	—
40	28	Arm	Ind.	and Rhodes	34	—	4.2	23.4	4.8
80	84	BBS	Design	Group (USM)	76	—	1.4	1.8	2.4
219	168	Bardon	Hill	Group	218	—	4.8	2.1	24.9
102	55	Bray	Technologies		100	—	4.3	4.3	11.9
138	78	CCL	Group	Ordinary	132	—	2.8	2.2	8.4
107	88	CCL	Group	15pc Conv. Pl.	99	—	15.7	15.9	—
271	116	Carborundum	Ordinary		267	—	9.1	3.4	12.9
135	75	George	Blair	7.5pc Pl.	88	—	10.7	11.5	—
114	57	Ind.	Precision	Casting	67	—	3.8	4.4	3.2
176	122	Isis	Group		122	—	6.7	5.9	10.2
124	101	Jackson	Group		119	—	12.3	—	—
377	280	James	Burrough		351	—	6.1	5.1	8.1
100	87	James	Burrough	Sp. Pl.	87	—	17.0	4.7	10.1
1035	342	Multihouse	NV (Amst)		340	—	12.9	14.8	—
380	280	Record	Ridgway	Ordinary	352	—	—	—	6.3
100	83	Record	Ridgway	10pc Pl.	83	—	14.1	17.0	—
91	87	Robert	Jenkins		89	—	—	—	3.9
98	30	Serumons			88	—	—	—	—
189	67	Torday	and Carlisle		143	—	5.7	3.9	9.0
340	324	Travler	Holdings		324	—	7.9	2.4	6.7
80	42	Unilock	Holdings	(SE)	77	—	2.8	3.6	14.2
129	66	Walker	Alexander		128	—	5.0	3.9	12.2
200	190	W. S. Yates			195	—	17.4	8.9	19.5
86	67	West	Yorks. Ind. Hosp.	(USM)	86	—	5.6	5.7	14.0

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Saturday February 28 1987

Show business in Greenwich

THE RESULT of the Parliamentary by-election in Greenwich on Thursday was bad for the Labour Party, extremely good for the Liberal-SDP Alliance, and probably of not much consequence for the Conservative Party. It was a great show on the night, the lasting significance is doubtful.

It was bad for the Labour Party, of course. No political leader who hopes to become Prime Minister within the next few months can be other than utterly dismayed at losing a seat which his party has held since 1945. Whatever special circumstances there may have been—the left-wing tendency of the Labour candidate, Ms Deirdre Wood, for example—Mr Neil Kinnock would be a happier man if Labour had scraped by, even if only by a handful of votes.

The result was a triumph for the Alliance in a number of ways. The margin of victory was much larger than anyone had forecast even on the night before polling. It was also achieved on a very high turnout: nearly 70 per cent, and slightly more than the turnout in Greenwich in the general election of 1983. No one can say that Labour failed because its traditional supporters stayed at home. There was a real swing against it.

Extremist causes

It was a success, too, for the Social Democratic component within the Alliance. On the whole, it has been the Liberals who have made the running. Now the SDP has made a contribution by taking an in-ner-party seat from Labour. It was the idea of the Liberals squaring the Tories and the Social Democrats squaring Labour that made the Alliance a bankable prospect in the first place. The Liberals gave a lot of support on the ground in Greenwich, but the SDP has shown that it can deliver its share of the bargain.

Greenwich was a dead loss for the Tories. If not from the start, at least from the moment the opinion polls started showing the Alliance was in with a chance and that voting for Mr Tony Blair of the SDP was the only way of defeating Labour. There was simply no point in voting Conservative in that particular by-election if you wanted to influence the result. From the Tory point of view, no more significance needs to be read into the result than that. A Tory vote was a wasted vote, as much of the electorate was intelligent enough to realise.

Yet the most striking fact about the result was that Ms Barnes owes the size of her majority not only to Tories voting tactically, but also to a decline in the support for Labour. There must be a "London factor." The left wing of the Labour party in London has tended to give the party a bad name by embracing extremist causes irrelevant to ordinary people. Ms Wood was on the left and accordingly suffered. It would be a mistake to assume that she is the only kind of candidate Labour can offer that the Greenwich pattern would be repeated all over the country. Even in London the Labour Party won the by-election in Fulham last year quite comfortably with a moderate candidate.

Tactical voting

Thus, whatever the immediate sensation, it might be unwise for anyone to draw strong conclusions. It was a very odd by-election by any standards: quite different female personalities pitched against each other in a constituency with a shifting population and split between gentrification and old working class London. It also took place close enough to a general election to heighten outside interest. The result was that it became more like show business than national politics.

There is some discussion of whether the tactical voting that undoubtedly occurred in Greenwich could be repeated in a general election. The answer is almost certainly not. In the first place, it would be impossible for the electorate in every constituency to have as much knowledge of what is going on in the locality as the opinion polls provide in a by-election. Second, tactical voting in a by-election is for a particular purpose: it is to keep one candidate out, while knowing that the Government remains in. The idea of tactical voting to defeat Mrs Thatcher in a general election, even if it were practical, would make sense only if there were agreement on what sort of government should replace the Tories. There is not.

Meanwhile, political life goes on. There is the budget next month. Mrs Thatcher's trip to Moscow soon after and the local elections on May 7. The Government appears to be under no great pressure on any front. It can afford the luxury of postponing a decision on the date of the general election for a few weeks more, while continuing to tantalise everyone else.

"HE NEVER made programmes," said the new Director General of the BBC, gesturing at a portrait of his eminent predecessor, Lord Reith on the wall of the BBC council chamber yesterday. Handling his first press conference since being named to the job late on Thursday night, Mr Michael Checkland—dubbed "Checkbook" by his critics—portrayed him as a stereotypical accountant.

Mr 'Checkbook' and the balances

"I am a more rounded man than the narrow stereotypes would indicate," said the 50-year-old history graduate who went on to list interests that ranged from photography, opera and theatre to football. "Jasper Carrot" (the comedian) and I are the last two Birmingham City fans in the BBC," he joked.

But what sort of BBC will the well-rounded Mr Checkland create and how will it differ from the administration of his predecessor Mr Alasdair Milne, forced to resign by the BBC Board of Governors at the end of last month?

There is a good chance that relations between the amateur Governors and the professional board of management source of considerable strife in recent years—will now improve.

The present Board of Governors inherited Alasdair Milne. But they have now twice chosen Michael Checkland—first in July 1985 when he was appointed deputy director general and then again on Thursday.

He knows the intimate details of the BBC's organisation—how efficiently studios are

run, how the computing system works—much better than the other contenders.

"I do know a lot about the BBC. I understand its purpose. I understand its strategies and I have been involved in the nuts and bolts of programmes," said the man who first joined the BBC in 1964 because he saw broadcasting as an exciting industry.

He added: "I also have a very clear acceptance of change and the prospect of managing change in a creative organisation."

That change will almost certainly mean that the Corporation's more than 25,000 staff will be slimmered down as more work goes to freelance and independent producers.

"This is a very important period for the BBC. I think the job is to keep quality of programmes going through a period of change," he said.

Those who know him describe the new director general as a decisive manager and suggest that there will be a general tightening up of the organisation.

"He won't fudge the uncomfortable decisions in the way that creative people tend to

do in the hope that the path will go away," says a BBC executive who knows him well.

Despite his protestations of intimate knowledge of the programme making process, Michael Checkland has yet to prove that he can fulfil both halves of the director general's role—editor-in-chief as well as chief executive.

Many BBC staff yesterday expressed surprise that Mr Checkland, whom the book-makers had put third at odds of 9-2, had got the job. But they seemed prepared to give him the benefit of the doubt.

Asked yesterday if he had been a compromise candidate, the new director general replied: "I was the outstanding candidate." With the emphasis of someone routinely misunderstood, he pronounced: "One thing people will learn is that I am not a bland man."

A bishop at bay in the Vatican

By Alan Friedman in Milan

IT MAY seem very strange to foreigners, but the chairman of the Vatican Bank is now a fugitive from Italian justice, hiding inside the walls of the Holy See.

The Italian judge who made this remark sat back in his chair and smiled, but soon his eyes turned serious again as he spoke of this week's remarkable issue of a warrant for the arrest of Archbishop Marcinkus, the 65-year-old American-born chairman of the Istituto per le Opere di Religione (IOR), better known as the Vatican Bank.

The lanky 6ft 3in golf-playing Monsignor Marcinkus, chairman of the IOR since 1971 and once the business associate of convicted Italian swindlers such as the late Michele Sindona and the late Roberto Calvi, is this weekend beyond the reach of Italian law, safe inside the Vatican's walls.

The manager of the Vatican's finances—whose most celebrated dictum was "You can't run the church on Hall Marks"—is being sought by the Italian police on fraud charges.

Last Monday morning Italy's Guardia di Finanza, or fiscal police, conducted a dawn raid on the prelate's Rome apartment, only to find it abandoned. The police came with an arrest warrant charging Archbishop Marcinkus with having been an accessory to the fraudulent bankruptcy which led to the 1982 collapse of Banco Ambrosiano. The Banco Ambrosiano affair turned into Italy's biggest post-war scandal, complete with a nefarious cast of characters ranging from crooked financiers to secretive Freemasons.

From their offices in Milan's imposing Mussolini-era Palace of Justice, a small team of Italian judges has been investigating the Banco Ambrosiano case since early 1983. The investigation, say the judges, will lead to the trial later this year of up to 50 defendants, including Archbishop Marcinkus (in absentia if necessary). The judges are convinced the Vatican Bank acted, as one of

them put it, "continuously and systematically in concert" with Banco Ambrosiano, which crashed in 1982 under \$1.3bn of debt.

It has already been established in the Ambrosiano investigation that the Vatican Bank owned, both directly and indirectly, ten of the dummy companies to which Ambrosiano lent \$1.3bn. The Vatican and Archbishop Marcinkus have repeatedly denied any wrongdoing, but the IOR did agree in 1984 to pay 120 Ambrosiano creditors the sum of \$24m as a "recognition of moral involvement" in the collapse of the bank.

The warrant for the arrest of Monsignor Marcinkus, the son of a Lithuanian-born window cleaner who grew up in the tough Chicago suburb of Cicero, Illinois, charges that the Pope's top banker participated for years in the fraud perpetrated by the late Roberto Calvi, the Ambrosiano chairman whose corpse was found in June 1982, hanging from Blackfriars Bridge in the City of London.

The Milan judges who issued the arrest warrants for Monsignor Marcinkus and two of his associates at the Vatican Bank, have (as they put it) "travelled the world these past four years" in order to piece together the jigsaw of money flows to dummy companies owned by the Vatican Bank. These companies are said to have received a total of \$1.3bn of funds from Ambrosiano. The money has never been recovered, nor have the bank's depositors received any compensation for their losses.

Although the dummy companies were found in places such as Panama, the Bahamas and Peru, it was apparently the records found at Banco Ambrosiano Holding (BAH) in Luxembourg which proved the most useful. "We found evidence of fraud in Luxembourg," says one judge.

Much attention has been focused over the years on the famous "letters of patronage" issued to Calvi by Archbishop Marcinkus and signed by Luigi

Mennini, managing director of the IOR, and Pellegrino de Strobel, chief accountant (both Mennini and de Strobel face arrest as accessories to fraud along with Marcinkus should they be apprehended outside the Vatican). These letters, which date from September 1981, gave Vatican backing to more than \$1bn of loans to the dummy companies.

But a separate and secret letter from Calvi to Marcinkus cancelled any obligation to repay these loans.

The exchange of letters between Calvi and Marcinkus, say the investigating judges, was only "the mechanism" and only "a small part of the story."

In Rome this week, Mr

Massimo Teodori, an MP from the tiny Radical party who served two years ago on the parliamentary committee investigating the outlawed P3 Freemasons' lodge of which Calvi was a member, also went beyond the issue of letters of patronage. "The colossal imbroglio of Ambrosiano," the MP declared, "was perpetrated by the Calvi-Marcinkus couple in the name of and on behalf of the IOR."

Now, says Mr Teodori, the Milan magistrates appear to have gone to the heart of the scandal: "They have done their duty in dealing with an archbishop who is hiding behind the walls of Saint Peter's."

Italy's Ministry of Justice, meanwhile, has put a team of lawyers to work, searching for ways to seek the extradition of Archbishop Marcinkus, who can only be arrested if he sets foot on Italian soil. There is no extradition treaty between Italy and the Holy See, although the Rome Government is examining clauses in Mussolini's 1929 Lateran pacts with the papacy to see if they might provide scope for an extradition.

Yesterday morning, Italy's best-selling newspaper—the politically centrist La Repubblica—declared in a front page headline that "only with the permission of Wojtyla can Marcinkus be arrested." The reference is to the man who is frequently referred to in Italy by his original Polish name of Karol Wojtyla, but who is better known internationally as Pope John Paul II.

From all accounts, the Polish-born Pope and the Chicago-trained Archbishop of Lithuania origins have a fair amount in common. Neither fit the Italian stereotype of a priest: both were athletes in their youth, tough sorts who worked their way up.

Indeed, one of the criticisms constantly rumoured to have been voiced over the years inside the Vatican Curia, naturally sotto voce, is that the Polish-born Pope has allowed the controversial golfing archbishop to remain chairman of the IOR. There are those inside the Holy See who wonder how the Pope could allow Marcinkus to stay on after a 16-year tenure which has seen the Vatican involved not only in the Ambrosiano affair, but in other scandals such as the 1974 crash of Michele Sindona's banking empire.

Marcinkus and Sindona, who was a key Vatican financial adviser, had a close working relationship for many years and the Vatican lost an estimated \$30m when Sindona crashed. Shortly after his election in 1978, Pope John Paul II is said to have been shown a thick dossier on the IOR's involvement in the Sindona affair. He apparently took no action.

In 1983 Monsignor Marcinkus,

who used to be the present Pope's bodyguard, was passed over when 15 new Cardinals were named. His responsibilities appeared at the time to have been reduced, but he remains in office.

Mr Mennini, the layman who is managing director of the IOR and Marcinkus's key deputy, was actually convicted by an Italian court of involvement in the collapse of Sindona's Banca Privata. Mennini's lawyers are appealing against the conviction, and he continues to serve at Archbishop Marcinkus's side.

Sindona himself was found dead last March inside his prison cell outside Milan. The autopsy revealed that his morning coffee had been laced with cyanide, but it will probably never be clear whether it was murder or suicide. The same was true of the late Roberto Calvi, where a London inquest returned an open verdict. (Three years ago, in a statement to the parliamentary committee investigating the P3 Freemasons, Prime Minister Bettino Craxi endorsed the theory that Calvi was murdered.)

As for Monsignor Marcinkus, he remains behind the walls of the Holy See. With the five-party Coalition government led by Prime Minister Craxi in political turmoil in the next few days, there is unlikely to be time or inclination for a delicate diplomatic effort to obtain Monsignor Marcinkus's extradition.

If the next prime minister is, as is likely, Mr Giulio Andreotti, the veteran Christian Democrat politician who studied inside the Vatican Curia from an early age, a determined drive by the Rome government to bring the Vatican Bank chief to justice seems even less likely.

The Vatican itself, in the first public statement on the arrest warrants, yesterday quoted a clause from the Lateran Pacts which it claimed would "exempt the institutions of the Catholic Church from interference by the Italian state." In the Watergate era, that used to be known as hanging tough.



"Only with the permission of Pope John Paul can Archbishop Marcinkus be arrested," says La Repubblica.

Man in the News

John Tower

Hatchet job with a fine edge

By Stewart Fleming



THE LONDON School of Economics, in those days a hotbed of left-wing radicalism, helped to shape the conservative politics of John Tower, the man who on Thursday presented Ronald Reagan with a stinging 399-page indictment of the President's work habits, his staff and the Iran-Contra arms deals.

"Mean" is how some have described the pudgy 61-year-old former Texas senator, whose biggest disappointment in the 25 years he served in Washington was the Reagan Administration's decision to appoint Mr Caspar Weinberger to the job Tower coveted—that of Secretary of Defence. Tough but fair, say Tower's admirers and, judging from the report he wrote with two elder statesmen of the Washington foreign policy establishment, Edmund Muskie and Brent Scowcroft, that seems the more accurate assessment.

Tower's year at the LSE in 1962 left a lasting impression, but not the one left on many of his peers. After detailed research into the organisation of the Conservative Party and writing a thesis entitled, The Conservative Worker in Britain, he returned to Southern Methodist University in Dallas, Texas where he now lectures convinced of the correctness of his conservative views. There he resumed work in what in those days was the Republican Party's lonely crusade to convince the people of the Lone Star State that there were two national parties fit to govern the US.

In 1961 Tower made his point when, with the support of Senator Barry Goldwater from neighbouring Arizona, then the conservative movement's standard bearer in the Republican Party, he became the first Republican to be voted into state-wide office in Texas in a century.

He won the seat vacated by Lyndon Johnson when he became Vice President in the Kennedy Administration. Tower's victory was heralded as evidence of the beginning of a shift in the balance of power in Texas to the cities, and in the country, to the right. "John was the Texas giant killer," said the front-page headline in the

New York Herald Tribune the next day. In reference to Tower's 5 ft 3 in frame as well as his surprise victory.

When President Reagan announced last December that he had asked Tower to head a three-member panel to look into the workings of the National Security Council it was widely assumed that a thorough, readable but academic analysis of the workings of the NSC would emerge.

For Tower was known to share Reagan's conservative vision of America and its role in the world. He had been one of the architects of the President's military build-up at the beginning of the decade when he chaired the powerful Senate Armed Services Committee. Moreover, it was clear that the Iran-Contra scandal had the potential to damage not only the Republican Party, but also—given the roles played by

right-wing ideologues—the conservative cause too.

By the time Tower had finished delivering his summary of the report on Thursday, doubts about whether or not the Tower Commission had given the President an easy ride were laid to rest.

Natally dressed in his usual Saville Rowe pin stripe suit, waistcoat neatly buttoned, and white handkerchief peeping from his breast pocket, Tower wasted no time glossing over the disaster which he and his two colleagues, the Democrat Muskie, and Scowcroft, a fellow Republican, believed had befallen the President and the nation.

"There are indeed many powerful lessons to be learned," he said, in the deep baritone which lends weight to his judgements. "I think the President should have followed up more and

monitored this operation more closely. I think he was not aware of a lot of the things that were going on."

It was a harsh critique from a man who chooses his words carefully.

For what had been going on was orchestrated not from the bowels of some vast distant bureaucracy, but from the basement of the White House itself. It is this fact that potentially embarrassing covert operations were run from the building where the President lives that has most amazed Washington's foreign policy experts.

What then led Tower, the giant killer of old, to take on the role of hatchet man?

One answer must be that he and his colleagues cherish their own reputations for integrity. There had, said Tower, been no watering down of the report

because of personal or political loyalties.

It is clear, too, that Tower felt the commission had an important role to play in serving the interests of the country, perhaps helping to avoid similar mistakes in future. He said the people around Mr Reagan, knowing his detached management style, had failed the President "by not keeping him informed and trying to compensate for this characteristic."

Some Republicans, however, have taken a stronger line than Tower, expressing the fear that the two recent foreign policy disasters—the Iran-Contra scandal and the Reykjavik summit—may be a sign of flaws in the foreign policy-making process. To Tower, the Contra affair was an "aberration." It was certainly not, as some Democrats charge, a manifestation of the impetuosity of a popular conservative President who turned to covert operations partly because broad political support was lacking for what he wanted to do.

"It was not the public policy of the United States that was in question but the fact that there was a covert activity going on that was absolutely contrary to the public policy that was set by the President himself," Tower commented on Thursday, glossing over the fact that on Iran the President had endorsed the policy and that on Central America the covert activity supported his explicit goals.

This balancing act—between toughness and loyalty to his political allies—is one which Tower will doubtless seek to maintain in the coming weeks as he joins the ranks of those testifying to the congressional committees whose work on Iran-gate has yet to be done.

Just what John Tower hopes to gain from the process—apart from the sense that he has been responsible for a job well done—is not at all clear.

He is still young enough to be in contention for a top Cabinet job if the Republicans hold the White House in 1989. His report has ensured that the same cannot be said of number of members of the Reagan Cabinet.

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مكتبة من الكتب

Lloyds rises 25% to £700m

BY DAVID LASCELLES, BANKING CORRESPONDENT

LLOYDS BANK, the smallest of the Big Four clearers, boosted its pre-tax profits by 25 per cent in 1986 to £700m. This result, which was in line with market expectations, was equivalent to a rise of 40 per cent in earnings per share.

Sir Jeremy Morse, the chairman, said that the increase had been achieved despite intense competition.

"This makes room for substantial improvements both in our capital resources and in dividends to shareholders," he added.

Profit after tax was £470m, up 42 per cent. Lloyds' dividend is to be a total of 18p, an increase of 29 per cent. The group's shares rose sharply in the wake of the announcement by 15p to 475p, though the rise was helped by better news on Latin American debt yesterday morning.

The major contribution to pre-tax profit came from Lloyds' domestic operations, which earned £517m—up from £410m

in 1985. This 26 per cent rise came from healthy lending margins on UK loan business, as well as from a strong growth in fees and commissions.

Most striking was a 157 per cent rise in earnings at Lloyds Bank Insurance Services from £14m to £36m. The bank's new estate agency business, Black Horse Agencies, earned £5m, up from £1m in 1985, on a total investment of £20m.

Partially offsetting these earnings was a £28m loss from Lloyds Merchant Bank, the group's newly-created investment bank which bore heavy start-up costs in 1986, and a £7m loss on gilt trading.

Mr Brian Pitman, the group chief executive, said: "I am hopeful that we will turn it round this year."

There was also a sharp profit improvement in Lloyds' international business, largely because the bank felt able to make a lower charge for bad and doubtful debts. This amount-

ed to £120m, down from £150m. Total international earnings were £183m pre-tax, up 21 per cent.

Sir Jeremy commented, however, that recent developments in Brazil, which has just interrupted its debt service payments, were "very very disappointing."



It was a serious setback, he said, but nevertheless something that debtors and creditors should be able to resolve. Lloyds has £1.2bn in loans to Brazil. Lloyds' total balance sheet amounted to £47.8bn at the end of 1986, up from £43.8bn in 1985. Shareholders' equity amounted to £2.8bn, an increase of 19 per cent. This put the ratio of equity to total assets

up to 5.8 per cent. Sir Jeremy said Lloyds was still trying to get it back to the 6 per cent level of the early 1980s.

The group's post-tax profits are equivalent to a return of 18.5 per cent on average equity, up from 15.1 per cent in 1985.

Referring to last year's unsuccessful takeover bid by Lloyds for Standard Chartered Bank, Sir Jeremy said he regretted that it had been a contested bid.

"It is a great pity that we were unable to convince them of its merits," he added. He declined to say whether Lloyds would relaunch its bid after the regulatory 12-month standstill lapses in July. However, he said Lloyds was in a position to take advantage of acquisition opportunities as they arose.

Lloyds was the third of the Big Four clearers to report its results. Midland Bank will be announcing its profits next Tuesday. See Lex

Cole fails to win seat on board of Buckley's

By Nikki Tait

MR TONY COLE's attempt to win a boardroom seat at small Welsh brewery Buckley's was yesterday rebuffed by an overwhelming show of support for existing directors.

More than 100 people piled into Llanelli's Thomas Arms yesterday morning, expecting to see the former stockbroker whose Bestwood group has built up a 37.6 per cent stake in Buckley's, attempt to oust Mr Jasser Clutterbuck, a Whitbread director, and a boardroom place for himself.

Whitbread and Whitbread Investment Company together hold another 27 per cent of Buckley's shares and Mr Cole claims there is a conflict of interest.

But barely had shareholders settled down for the specially-requisitioned meeting when Mr Griffith Phillips, Buckley's chairman and partner in Welsh stockbroker Lyddon & Co., declared that the resolution proposing Mr Cole's appointment could not be put. The Bestwood camp, he explained, had forgotten to give the required written notice.

So that left the second motion—to remove Mr Clutterbuck. After a lengthy passage, a seemingly stunned Mr Cole proposed it—and then remained mute as Mr Phillips asked for questions. Minutes later voting was under way: the result showed 428m votes (28 per cent) in favour of Mr Clutterbuck's removal and 9.5m (6.5 per cent) against—an impressive 90 per cent turnout, including proxies. An indicative, though non-binding, vote on Mr Cole's appointment brought a similar response.

Later Mr Colin Thomas, managing director of Buckley's said that he hoped Mr Cole "would leave us alone." The future, he added, was hindering expansion plans and wasting management time.

Mr Cole, meanwhile, had downed his first pint of Buckley's best and was quite composed.

"I'm a little surprised they used a slim procedural tactic," he commented. "My lawyers are looking into it."

As for his threatened letter to the Office of Fair Trading, complaining about the Whitbread "umbrella," that is ready and signed—it will probably go off this afternoon. Yesterday evening the OFT was still waiting.

As for Mr Cole's future plans—either a full bid or another boardroom assault—he merely smiled and said "all options are open."

On one point the two sides agreed. "This is only round one," declared Mr Cole. "The end? I fear not," sighed Mr Phillips.

Capital Radio shares buoyant on first day

By Alice Rawsthorn

CAPITAL RADIO, London's independent radio station, watched its shares soar to a healthy premium yesterday on its first day of dealings on the stock market.

The shares began the day at an instant premium, 23p higher than the offer price of 105p. During the morning, the shares rose to 133p, but slipped slightly on profit-taking to end the day at 131p.

Thus, shareholders in Capital saw the value of their holdings increase by 25 per cent in a single day.

The buoyancy of trading in Capital was not unexpected given that its flotation was so well received. Capital issued 3.9m shares, but received applications from members of the public for a further 221.2m shares. The issue was thus 57 times subscribed.

The publication of the Government's Green Paper on the future of radio two days ago—which proposes the liberalisation of the existing independent radio network, together with the introduction of national commercial and community radio stations—met with a cautious response in the City. But analysts' misgivings failed to dampen investors' enthusiasm for the company.

Mr Nigel Walsley, Capital's managing director, expressed his pleasure at the first day of dealings and said that the Green Paper's proposals offered lots of "opportunities" for the company.

The shares of the other publicly-quoted radio stations—Clyde, City and Piccadilly—all fell yesterday, having risen earlier in the week ahead of Capital's debut.

Malletts placing

Malletts, a London-based antiques dealer, hopes to join the stock market later this year via a placing.

The company, which was founded in 18th century, specialises in 18th century and Regency antiques and has offices in New Bond Street and Bourdon House, off Berkeley Square.

Sedgwick ahead 9% as US presence increases

BY NICK BUNKER

Sedgwick Group, Britain's biggest quoted insurance broker, has reported pre-tax profits up 9 per cent to £135.5m in 1986, after achieving what it called its "strategic goal" of a nationwide presence in the US.

Earnings per share grew 2.3 per cent to 21.9p. Mr Carol Mosselmann, group chairman, said Sedgwick was proposing a final dividend of 8p per share. The group's share closed 13p up at 334p.

The growth in the pre-tax profit was achieved on turnover up 10 per cent at £563.7m. The figures contained only two months from the Crump Companies in the US, whose acquisition was completed in November.

Expenses grew 13 per cent to £504m. Mr Mosselmann said this included a doubling in the cost of Sedgwick's errors and omissions insurance from £10m in 1985 to £20m last year.

He stressed that Sedgwick did not face any significant financial loss arising from litigation against one of its subsidiaries over a refusal by insurers to pay a \$82.2m claim for a storm damaged oil rig in the Canadian Arctic.

Sedgwick Limited, the group's main Lloyd's broking subsidiary, showed broking revenue up 13 per cent in sterling terms at £217m, with underlying growth of 17 per cent.

Insurance broking for the oil and gas exploration industry continued to make "a significant contribution" to profit in spite of the industry's recession and low oil prices. But Sedgwick said the continuing contraction of the world's shipping market put pressure on the profitability of its London trading companies.

In North America, Sedgwick's subsidiary the James Group showed an underlying brokerage growth of more than 20 per cent, but a strong pound reduced the impact of this on group results. There were also "clear signs" that premium rates were levelling off in the US, Mr Mosselmann said.

The E. W. Payne companies, which together form the world's second biggest reinsurance broker, recorded "excellent results" with reinsurance income up 13 per cent in sterling terms with underlying growth of 21 per cent.

With earnings per share rising so marginally, the market's decision to bid Sedgwick 13p looked unwarranted. Cynics could reasonably deduce that Sedgwick (which takes 47 per cent of turnover from the US) was benefitting from forecasts of a sterling crisis after an inconclusive British general election. Pre-tax, Sedgwick did scrape in above the best forecasts of about £133m; but several negative factors produce a forecast of earnings per share rising to only about 23.5p, rating the group at a p/e of 14, identical to its more attractive rival Willis Faber. Sedgwick's expenses growth was contained to 12 per cent, but this was due mainly to currency factors. Sullivan Payne, the US reinsurer, has reported excellent results, but in New York the word is that rate increases are almost over (to a lesser extent, the same problem applies to Fred S. James). Investment income could also be hit by changes in premium-payment deadlines at Lloyd's of London.

Turnover across the group rose to £563.7m (£563.7m). Taxation deducted £1.58m (£1.63m) and minorities £88,000 (compared with a contribution of £78,000). Earnings per share increased to 19.2p (16.7p) and the board proposed to pay a total dividend of 8p (6.5p).

Mr King expressed confidence in the company's prospects for the current year.

SALE TILNEY, the food, finance and technology group, yesterday unveiled a 26 per cent increase in pre-tax profit to £5.1m. The growth was achieved despite a poor performance from the food division.

During the year to November 30, Sale Tilney expanded its activities in the financial services sphere with the acquisition of R. L. Stott, an Isle of Man-based stockbroker, and R. J. Temple, an investment and financial planning consultancy. This expansion was reflected in the division's profits, which rose to £2.01m (£1.98m, 0.0000).

Mr Richard King, the company's chairman, said that the new acquisitions had been successfully digested and were performing well. Sale Tilney was keen to expand its financial services activities further and hoped to conclude an acquisition within the insurance broking field.

The technology division, buoyed by growth within both lighting machinery and electrostatic lubrication equipment, fared well. Its contribution rose to £3.78m (£3.24m).

Foods suffered because of intense competition within its core markets: jams, pickles, relishes and cereals. The division tumbled from profit of £598,000 into a loss of £831,000. The rationalisation of food production had now been completed, however, and costs had been cut. Mr King said that margins began to improve at the beginning of the current year.

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Mr King expressed confidence in the company's prospects for the current year.

At the moment we are having to spread the risk with joint schemes," he said.

The directors believe there would be scope for improving the return on Atholl's properties by rent reviews and reversions.

Brookmount has recently completed developments at Cambridge and Mayfair, London, with "refurbished" Brookmount, a company owned jointly with Trafalgar House.

The Atholl group owns a portfolio of investment properties valued at £14.6m, mainly in Scotland. These include a district shopping centre in Glasgow, retail and office developments in Coatbridge and Edinburgh, and an industrial estate in Thame, Oxfordshire.

The group's net asset value at June 30, 1986 was £8.3m and its net property income for the year was £1.2m, with pre-tax profit of £244,000.

Mr Harry Sproule, managing director, said that the acquisition of Brookmount's investment portfolio, gave a greater regional diversity and to acquire B & C as institutional investors. It would enable the company to push ahead with further developments.

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Suter takes over 12% in Metal Closures

Suter, the fast-growing engineering conglomerate, has bought a 12.3 per cent stake in Metal Closures, the metal and plastic caps manufacturer in a deal worth around £5.3m.

Profits at Metal Closures have been hit in recent years by the effect of the declining rand. Around half of the company's pre-tax profits of £3.9m in the last financial year came from its 77 per cent owned South African subsidiary.

In May, Metal Closures was involved in abortive bid talks with John Waddington, the packaging and printing group, Metal's South African interests were the major stumbling block to this merger.

Mr David Abell, Suter's chairman, said yesterday that he did not rule out a bid for the Metal Closures group. The companies had similar interests in packaging, and he was keen to improve the contribution that packaging made within the Suter group.

Just over 1.42m shares were bought for cash, at an average price of around 190p, and a further 1.18m were acquired in exchange for Suter shares on the basis of four Suter shares for every five Metal Closures. The share exchange was arranged with clients of a single firm of stockbrokers. Any bid on the same terms would value Metal Closures at £44m.

Metal Closures' shares closed up 12p at 218p.

WEETABIX is an independent company, not a subsidiary of Nabisco, as stated in yesterday's story on Avana Group.

I.G. INDEX FT for February 1,598,164 (-1.1) Tel: 01-828 5699

G.B.C. Capital Ltd The net asset value at 31st January 1987 was £35.15 The net asset value after contingent Capital Gains Tax was £32.75

European Assets Trust NV The net asset value at 31st January 1987 was £1.24

RELIANT Motor expects to record a profit and pay a dividend for the year to September 1987, according to Mr John Nash, chairman, speaking at the AGM.

SUTCLIFFE, Speakman has sold its brick press division to Herbert Alexander, a subsidiary of Hepworth Ceramic, for an immediate consideration of £244,000. Proceeds from the sale will be used to reduce group borrowings.

RUO ESTATES HOLDINGS (tax estates)—Pre-tax profits fell from £353,893 to £63,564 in half-year to October 31 1986 on turnover down from £4.88m to £4.02m. Tax took £21,188 (£14,137). Stated earnings per 10p share were lower at 0.55p (2.54p).

BAILLIE Gifford Shin Nippon (investment trust): Net asset value £3.5p (65.5p) and final dividend 0.2p (0.45p) for year to January 31 1987.

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CURRENCIES & MONEY

FOREIGN EXCHANGES

Dollar holds steady

THE DOLLAR held steady on the foreign exchanges, in spite of a sharp widening of the US trade deficit in January. The deficit of \$14.8bn was close to market expectations, but it was not clear whether the dollar's stability was because the deficit was already discounted, or the market was afraid of providing central bank intervention.

Although dealers are unsure what was agreed at last weekend's Paris Group of Six meeting, there is obviously considerable fear of the unknown.

Recent news, including the trade deficit, durable goods data and fears about possible default by Latin American countries, has created a bearish undertone for the dollar, but there has been very little movement on the exchanges.

The dollar rose to DM 1.8265 from DM 1.8290 to FF 6.6255 from FF 6.6250, to SF 1.5370 from SF 1.5355, to £1.0000 from £1.0000, to ¥153.10 from ¥153.10. On Bank of England figures the pound's index rose to 103.8 from 103.6.

Feb 27	Latest	Previous
US Dollar	1.5455-1.5465	1.5450-1.5460
1 month	0.6250-0.6260	0.6250-0.6260
3 months	1.25-1.26	1.25-1.26
12 months	3.55-3.56	3.55-3.56

Forward premiums and discounts apply to the US dollar.

STERLING INDEX

Feb 27	Latest	Previous
8.50 am	69.7	69.4
10.00 am	69.7	69.4
11.00 am	69.7	69.4
12.00 pm	69.7	69.4
1.00 pm	69.7	69.4
2.00 pm	69.7	69.4
3.00 pm	69.7	69.4
4.00 pm	69.7	69.4

CURRENCY RATES

Feb 27	Bank	Spot	Forward
US Dollar	1.5455-1.5465	1.5450-1.5460	1.5450-1.5460
1 month	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260
3 months	1.25-1.26	1.25-1.26	1.25-1.26
12 months	3.55-3.56	3.55-3.56	3.55-3.56

Bank of England rates: US dollar 1.5455-1.5465.

CURRENCY MOVEMENTS

February 27	Bank of England	Spot	Forward
US Dollar	1.5455-1.5465	1.5450-1.5460	1.5450-1.5460
1 month	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260
3 months	1.25-1.26	1.25-1.26	1.25-1.26
12 months	3.55-3.56	3.55-3.56	3.55-3.56

Bank of England rates: US dollar 1.5455-1.5465.

OTHER CURRENCIES

Feb 27	Bank	Spot	Forward
US Dollar	1.5455-1.5465	1.5450-1.5460	1.5450-1.5460
1 month	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260
3 months	1.25-1.26	1.25-1.26	1.25-1.26
12 months	3.55-3.56	3.55-3.56	3.55-3.56

Bank of England rates: US dollar 1.5455-1.5465.

MONEY MARKETS

London rates easier

INTEREST RATES had a slightly softer start on the London money markets. Three-month interbank was quoted at 10 1/2-10 3/4 per cent compared with 10 1/4-10 1/2 per cent. Sentiment was helped by the better performance by sterling and the rise in North Sea oil prices.

The January UK trade figures were slightly better than expected, and maintained the recent trend of encouraging economic data, but had no impact. There was also no reaction to the result of the Greenwich by-election, but hopes of a cut in bank base rates around the time of the Budget on March 17 kept the market reluctant to sell longer dated paper outright to the authorities.

On this basis the authorities were prepared to provide repurchase agreements to absorb part of yesterday's

UK clearing bank base lending rate 11 per cent since October 15

very large credit shortage, but not for short enough time to encourage any thoughts of an early cut in base rates.

The Bank of England initially forecast a money market shortage of £1.500bn, but revised this to £1.550bn at noon and to £1.600bn in the afternoon. Total help of £1.670bn was provided.

An early round of assistance was provided, totalling £650m. At that time the authorities bought £100m bills outright, by way of £200m bank bills in hand 1 at 10 1/2 per cent, and £100m bank bills in hand 2 at 10 1/4 per cent.

Another £200m bills were purchased for resale to the market on April 1 at 10 1/4-10 1/2 per cent.

Before lunch a further £200m bills were bought, including £250m outright, through £1m Treasury bills in hand 1 at 10 1/4 per cent, £100m bank bills in hand 1 at 10 1/4 per cent, £100m bank bills in hand 2 at 10 1/4 per cent, and £50m bank bills in hand 3 at 10 1/4 per cent.

Another £100m bills were purchased for resale to the market on April 1 at 10 1/4 per cent.

STERLING—Trading range against the dollar in 1986-87 is 1.5555 to 1.5700. January average 1.5671. Exchange rate index rose 0.5 to 69.9, compared with 71.2 six months ago. Sterling improved on higher North Sea oil prices, and remained underpinned by expectations that London interest rates will remain at the present level at least until the Budget on March 17. Dealers suggested the pound was also buoyed by news the Labour Party had been defeated in the Greenwich by-election.

The January UK trade deficit of £527m was lower than expected, but the reduction in inevitable earnings to £500m from £800m left the current account much in surplus as needed, showing a small surplus of £73m.

The pound gained 60 points to \$1.5455-1.5465, and rose to DM 1.8265 from DM 1.8290, to FF 6.6255 from FF 6.6250, to SF 1.5370 from SF 1.5355, to £1.0000 from £1.0000, to ¥153.10 from ¥153.10. On Bank of England figures the pound's index rose to 103.8 from 103.6.

POUND SPOT—FORWARD AGAINST THE POUND

Feb 27	Spot	Close	One month	Three months	Six months	One year
US Dollar	1.5455-1.5465	1.5450-1.5460	0.6250-0.6260	1.25-1.26	3.55-3.56	3.55-3.56
1 month	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260
3 months	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26
12 months	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56

Bank of England rates: US dollar 1.5455-1.5465.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Feb 27	Spot	Close	One month	Three months	Six months	One year
US Dollar	1.5455-1.5465	1.5450-1.5460	0.6250-0.6260	1.25-1.26	3.55-3.56	3.55-3.56
1 month	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260
3 months	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26
12 months	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56

Bank of England rates: US dollar 1.5455-1.5465.

EURO-CURRENCY INTEREST RATES

Feb 27	Short term	7 days	One month	Three months	Six months	One year
US Dollar	1.5455-1.5465	1.5450-1.5460	0.6250-0.6260	1.25-1.26	3.55-3.56	3.55-3.56
1 month	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260
3 months	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26
12 months	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56

Bank of England rates: US dollar 1.5455-1.5465.

EXCHANGE CROSS RATES

Feb 27	E	S	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C S	B Fr.
US Dollar	1.5455-1.5465	1.5450-1.5460	0.6250-0.6260	1.25-1.26	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56
1 month	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260
3 months	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26
12 months	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56

Bank of England rates: US dollar 1.5455-1.5465.

FT LONDON INTERBANK FIXING

Feb 27	Overnight	7 days	One month	Three months	Six months	One year
US Dollar	1.5455-1.5465	1.5450-1.5460	0.6250-0.6260	1.25-1.26	3.55-3.56	3.55-3.56
1 month	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260
3 months	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26
12 months	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56

Bank of England rates: US dollar 1.5455-1.5465.

LONDON MONEY RATES

Feb 27	Overnight	7 days	One month	Three months	Six months	One year
US Dollar	1.5455-1.5465	1.5450-1.5460	0.6250-0.6260	1.25-1.26	3.55-3.56	3.55-3.56
1 month	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260
3 months	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26
12 months	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56

Bank of England rates: US dollar 1.5455-1.5465.

LONDON MONEY RATES

Feb 27	Overnight	7 days	One month	Three months	Six months	One year
US Dollar	1.5455-1.5465	1.5450-1.5460	0.6250-0.6260	1.25-1.26	3.55-3.56	3.55-3.56
1 month	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260
3 months	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26
12 months	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56

Bank of England rates: US dollar 1.5455-1.5465.

LONDON MONEY RATES

Feb 27	Overnight	7 days	One month	Three months	Six months	One year
US Dollar	1.5455-1.5465	1.5450-1.5460	0.6250-0.6260	1.25-1.26	3.55-3.56	3.55-3.56
1 month	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260	0.6250-0.6260
3 months	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26	1.25-1.26
12 months	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56	3.55-3.56

LONDON STOCK EXCHANGE

Bonds feature as equities tread cautiously

Account Dealing Dates

First Dealing Last Account

Dealings times Dealings Day

Feb 27 Feb 28 Feb 29 Mar 1

Feb 28 Mar 1 Mar 2 Mar 3

Feb 29 Mar 1 Mar 2 Mar 3

Feb 30 Mar 1 Mar 2 Mar 3

Feb 31 Mar 1 Mar 2 Mar 3

Feb 32 Mar 1 Mar 2 Mar 3

Feb 33 Mar 1 Mar 2 Mar 3

Feb 34 Mar 1 Mar 2 Mar 3

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Feb 98 Mar 1 Mar 2 Mar 3

FT UNIT TRUST INFORMATION SERVICE

Alfred Barker Unit Trusts PLC (a)(c) 100 Wellington St., London EC2A 3JF 01-237 1210 01-237 1211 01-237 1212 01-237 1213 01-237 1214 01-237 1215 01-237 1216 01-237 1217 01-237 1218 01-237 1219 01-237 1220 01-237 1221 01-237 1222 01-237 1223 01-237 1224 01-237 1225 01-237 1226 01-237 1227 01-237 1228 01-237 1229 01-237 1230 01-237 1231 01-237 1232 01-237 1233 01-237 1234 01-237 1235 01-237 1236 01-237 1237 01-237 1238 01-237 1239 01-237 1240 01-237 1241 01-237 1242 01-237 1243 01-237 1244 01-237 1245 01-237 1246 01-237 1247 01-237 1248 01-237 1249 01-237 1250 01-237 1251 01-237 1252 01-237 1253 01-237 1254 01-237 1255 01-237 1256 01-237 1257 01-237 1258 01-237 1259 01-237 1260 01-237 1261 01-237 1262 01-237 1263 01-237 1264 01-237 1265 01-237 1266 01-237 1267 01-237 1268 01-237 1269 01-237 1270 01-237 1271 01-237 1272 01-237 1273 01-237 1274 01-237 1275 01-237 1276 01-237 1277 01-237 1278 01-237 1279 01-237 1280 01-237 1281 01-237 1282 01-237 1283 01-237 1284 01-237 1285 01-237 1286 01-237 1287 01-237 1288 01-237 1289 01-237 1290 01-237 1291 01-237 1292 01-237 1293 01-237 1294 01-237 1295 01-237 1296 01-237 1297 01-237 1298 01-237 1299 01-237 1300 01-237 1301 01-237 1302 01-237 1303 01-237 1304 01-237 1305 01-237 1306 01-237 1307 01-237 1308 01-237 1309 01-237 1310 01-237 1311 01-237 1312 01-237 1313 01-237 1314 01-237 1315 01-237 1316 01-237 1317 01-237 1318 01-237 1319 01-237 1320 01-237 1321 01-237 1322 01-237 1323 01-237 1324 01-237 1325 01-237 1326 01-237 1327 01-237 1328 01-237 1329 01-237 1330 01-237 1331 01-237 1332 01-237 1333 01-237 1334 01-237 1335 01-237 1336 01-237 1337 01-237 1338 01-237 1339 01-237 1340 01-237 1341 01-237 1342 01-237 1343 01-237 1344 01-237 1345 01-237 1346 01-237 1347 01-237 1348 01-237 1349 01-237 1350 01-237 1351 01-237 1352 01-237 1353 01-237 1354 01-237 1355 01-237 1356 01-237 1357 01-237 1358 01-237 1359 01-237 1360 01-237 1361 01-237 1362 01-237 1363 01-237 1364 01-237 1365 01-237 1366 01-237 1367 01-237 1368 01-237 1369 01-237 1370 01-237 1371 01-237 1372 01-237 1373 01-237 1374 01-237 1375 01-237 1376 01-237 1377 01-237 1378 01-237 1379 01-237 1380 01-237 1381 01-237 1382 01-237 1383 01-237 1384 01-237 1385 01-237 1386 01-237 1387 01-237 1388 01-237 1389 01-237 1390 01-237 1391 01-237 1392 01-237 1393 01-237 1394 01-237 1395 01-237 1396 01-237 1397 01-237 1398 01-237 1399 01-237 1400 01-237 1401 01-237 1402 01-237 1403 01-237 1404 01-237 1405 01-237 1406 01-237 1407 01-237 1408 01-237 1409 01-237 1410 01-237 1411 01-237 1412 01-237 1413 01-237 1414 01-237 1415 01-237 1416 01-237 1417 01-237 1418 01-237 1419 01-237 1420 01-237 1421 01-237 1422 01-237 1423 01-237 1424 01-237 1425 01-237 1426 01-237 1427 01-237 1428 01-237 1429 01-237 1430 01-237 1431 01-237 1432 01-237 1433 01-237 1434 01-237 1435 01-237 1436 01-237 1437 01-237 1438 01-237 1439 01-237 1440 01-237 1441 01-237 1442 01-237 1443 01-237 1444 01-237 1445 01-237 1446 01-237 1447 01-237 1448 01-237 1449 01-237 1450 01-237 1451 01-237 1452 01-237 1453 01-237 1454 01-237 1455 01-237 1456 01-237 1457 01-237 1458 01-237 1459 01-237 1460 01-2

BANK RETURN

BANKING DEPARTMENT		Wednesday February 23, 1987	increase (+) or decrease (-) for week
LIABILITIES			
Capital	\$4,593,000		\$
State Deposits	1,645,000		= 493,638.110
Private Deposits	911,330.77		= 1,850,480
Bankers Deposits	1,521,961.603		= 96,708.732
Reserve and other Accounts			
ASSETS			
Government Securities	466,502,756		= 39,030,000
Notes and other Accounts	1,199,277,686		= 805,054,356
Prepaid Expenses & other	2,935,000		= 1,000,000
Advances	6,872,002		= 357,834
Other			
Gain	4,112,171,223		= 634,197,350

12,513,627.998
A 372.002

	12,520,000,000	+	10,000,000
ASSETS			
Government Debt	11,015,190		
Other Government Securities	94,556,785	=	794,480,058
Other Securities	11,367,428,115	+	714,480,058
	12,520,000,000	+	10,000,000

May 87	Aug 87	
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Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
GOLD C	\$400	7	19.60	—	—	3	38	S40K
GOLD C	\$400	80	9.50	25	—	—	—	" "
GOLD C	\$400	50	1.80	—	—	—	—	" "
GOLD C	\$440	30	2.70	—	—	—	—	" "
GOLD C	\$460	10	2.80	—	—	—	—	" "
GOLD P	\$590	—	—	50	\$508	—	—	" "
		Mar 87		Jan 87		Sep 87		
Driver C	\$550	—	—	—	10	12	40	\$548
Driver C	\$600	10	—	15	10	—	—	" "
F1312 P	F1312	2	—	—	—	—	—	\$F1319.54
F1320 C	F1320	6	2.50	3	6.70	—	—	" "
F1320 C	F1320	—	—	10	2.80B	—	—	" "
F1320 C	F1320	205	1.20	—	—	—	—	" "
		Mar 87		Apr 87		May 87		
F1205 C	F1205	15	6.90	3	—	—	—	F1206.65
F1205 C	F1205	38	3	—	—	—	—	" "
		Jan 87		Sep 87		Dec 87		
R1 C	F1195	80	12.50	—	—	13	11.50	F1206.65
R1 C	F1200	80	1.20	—	—	—	—	" "
R1 C	F1200	91	6.60	—	—	1	9.20	" "
R1 C	F1200	14	3.80	—	5.90	—	—	" "
R1 C	F1215	50	2.20	—	—	—	—	" "
R1 C	F1220	50	3.20	—	—	—	3.40	" "
		Jan 87		Oct 87				
BAN C	F1540	427	5.20	74	8	14	43	F1494
BAN P	F1500	347	14.40	72	25.50	4	33	" "
CND C	F105	25	1.70	—	—	45	4	F185.20
CND C	F105	215	—	24	4.20	—	5.50	" "
GOLD C	F1105	13	5.80	1	6	—	—	F1307.10
GOLD C	F1120	137	1.80	91	4.20	—	—	" "
GOLD C	F1140	240	2.40	1	9.50	9	7	F1332.10
GOLD C	F1130	85	2.60	218	7.10	—	8.20P	" "
GOLD C	F145	—	—	—	—	—	—	F165
MVP P	CFLAS	—	—	—	—	50	2.80	" "
MVP P	P120	315	3.40A	84	5.40	40	5.80	F181.20
MVP P	P120	106	1.70	6	11.40	27	—	" "
SEVERIEN C	F1250	15	4.50	8	6.50	—	—	F1242
SEVERIEN C	F1250	106	1.70	—	—	—	—	" "
ST-BARRC C	F130	133	0.80	369	1	—	—	F143.30
ST-BARRC C	F140	638	0.60	164	2.10	30	2.90	" "
TRENTON P	F140	136	1.80	—	—	3	2	F1347
TRENTON P	F150	294	3.80A	16	9.30	—	—	" "
GOLDVENS P	F145	156	1.70	10	4.70	1	2.50	F138.30
GOLDVENS P	F140	196	3.70	1	1.80	—	3.60	F142.40
LW C	F145	205	0.90	128	1.70	4	1.80	F172.20
LW C	F145	101	3.80	—	—	141	3.80	" "
NEW-PC C	F140	16	0.50	3	2.20	20	3.80	F149.20
PHILIPS C	F150	3757	1.50	420	2.90	147	4.20	" "
PHILIPS P	F150	250	2.80	985	3.80	148	3	F152.20
PHILIPS P	F150	250	2.80	985	3.80	148	3	" "
PILOT DUTCH F	F1210	148	3	391	9	7	11.50	F108.80
PILOT DUTCH F	F1210	148	3	391	9	7	11.50	" "
RESCO C	F100	5	3	10	1.50	—	—	" "
RESCO C	F100	5	3	10	1.50	—	—	" "
WILLIVER C	F1540	337	5.40	171	11	24	20	F1518.80
WILLIVER P	F1500	166	5.50	75	148	—	—	" "

[illegible]

[illegible]

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World Wide Growth Management®
101 Bowman Road, Lexington, MA 01846

[illegible]

	Gross	Net	Gr. Exp. CAR
1950-1951	100.00	100.00	100.00
1951-1952	100.00	100.00	100.00
1952-1953	100.00	100.00	100.00
1953-1954	100.00	100.00	100.00
1954-1955	100.00	100.00	100.00
1955-1956	100.00	100.00	100.00
1956-1957	100.00	100.00	100.00
1957-1958	100.00	100.00	100.00
1958-1959	100.00	100.00	100.00
1959-1960	100.00	100.00	100.00
1960-1961	100.00	100.00	100.00
1961-1962	100.00	100.00	100.00
1962-1963	100.00	100.00	100.00
1963-1964	100.00	100.00	100.00
1964-1965	100.00	100.00	100.00
1965-1966	100.00	100.00	100.00
1966-1967	100.00	100.00	100.00
1967-1968	100.00	100.00	100.00
1968-1969	100.00	100.00	100.00
1969-1970	100.00	100.00	100.00
1970-1971	100.00	100.00	100.00
1971-1972	100.00	100.00	100.00
1972-1973	100.00	100.00	100.00
1973-1974	100.00	100.00	100.00
1974-1975	100.00	100.00	100.00
1975-1976	100.00	100.00	100.00
1976-1977	100.00	100.00	100.00
1977-1978	100.00	100.00	100.00
1978-1979	100.00	100.00	100.00
1979-1980	100.00	100.00	100.00
1980-1981	100.00	100.00	100.00
1981-1982	100.00	100.00	100.00
1982-1983	100.00	100.00	100.00
1983-1984	100.00	100.00	100.00
1984-1985	100.00	100.00	100.00
1985-1986	100.00	100.00	100.00
1986-1987	100.00	100.00	100.00
1987-1988	100.00	100.00	100.00
1988-1989	100.00	100.00	100.00
1989-1990	100.00	100.00	100.00
1990-1991	100.00	100.00	100.00
1991-1992	100.00	100.00	100.00
1992-1993	100.00	100.00	100.00
1993-1994	100.00	100.00	100.00
1994-1995	100.00	100.00	100.00
1995-1996	100.00	100.00	100.00
1996-1997	100.00	100.00	100.00
1997-1998	100.00	100.00	100.00
1998-1999	100.00	100.00	100.00
1999-2000	100.00	100.00	100.00
2000-2001	100.00	100.00	100.00
2001-2002	100.00	100.00	100.00
2002-2003	100.00	100.00	100.00
2003-2004	100.00	100.00	100.00
2004-2005	100.00	100.00	100.00
2005-2006	100.00	100.00	100.00
2006-2007	100.00	100.00	100.00
2007-2008	100.00	100.00	100.00
2008-2009	100.00	100.00	100.00
2009-2010	100.00	100.00	100.00
2010-2011	100.00	100.00	100.00
2011-2012	100.00	100.00	100.00
2012-2013	100.00	100.00	100.00
2013-2014	100.00	100.00	100.00
2014-2015	100.00	100.00	100.00
2015-2016	100.00	100.00	100.00
2016-2017	100.00	100.00	100.00
2017-2018	100.00	100.00	100.00
2018-2019	100.00	100.00	100.00
2019-2020	100.00	100.00</	

Money Market Bank Accounts

Bank Accounts		Gr E	Gr E
	Gross	Net	CAR
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Benchmark Trust Ltd
8 Monument Place, 87M 9AG. 01-61

Founders Court, Ladbroke, London EC2R 7NE			
9033			
Devised Age	10.50	7.85	11.30

Money Mkt Acc	00425	7.94	11.9
Henderson/Bank of Scotland			
98 Turnpikeville Rd	EC2P 2EH		07-42

High Int Dep Acc.....10.57 7.90 11.57

Opposition: Money Mgmt. Acc. 01-23
66 Cannon St, EC4N 6AL
Money Mgmt. Acc. 02.75 8.04

Provincial Trust
30 Ashley Rd, Altrincham, Cheshire
High Int. Clin Acc. 71.00 0.99 13.50 062-92

Wimbledon & South West Finance Co
114 Newgate St, London E1A 7AE. 01-60

Gross equivalent to basic rate taxpayers—compounder
rate, 1st Cr: frequency interest credited.

3-month call rates

BAT	47	P & U Did	44
BOC Grp.	42	Plassey	40
BSR	12	Polly Peck	38

Grand Met	40	MEPC
GUS 'A'	100	Pearcey
Guardian	85	

ICI	80	British Oil	
Jaguar	52	Charterhall	
Land Rover	52	Premier	

100

Table 1

Saturday February 28 1987

السبت 28 فبراير

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

Chris Bonington embarks today on his latest and perhaps most exciting venture. Last night Britain's foremost mountaineer arrived in Oslo to renew an intriguing alliance with some of Norway's leading climbers. This morning he and his colleagues fly on to China, and within two weeks will be gazing at Menlungtse, an unclimbed peak close to Everest which is regarded as one of mountaineering's most glittering prizes. It is, says Bonington, "a magnificent mountain."

The impish adventurer Eric Shipton first revealed Menlungtse's delights in 1951, while making the reconnaissance of Everest that led to its triumphal ascent two years later. Shipton made an illicit foray across the Himalayan watershed from Nepal into Tibet, then closed to Western mountaineers. He came across an isolated peak rising almost sheer from a glacier, "its colossal granite walls pale and smooth as polished marble — every evening they glowed as coral."

The British climber Peter Boardman obtained an even better vantage point from the neighbouring summit of Gauri Sankar in 1979. He saw "a mighty white obelisk of snow and pale pink granite, whose shape matched that of the Matterhorn." Of all the peaks around, Menlungtse "was the nearest and loveliest vision of all."

In the quest for virgin peaks, no mountaineer could want a better recommendation. In 1984 Bonington, who had glimpsed Menlungtse during his successive attempts on Everest in the 1970s, sent a somewhat speculative letter to the Chinese Government, seeking permission to mount an expedition.

The first reply was hardly encouraging: the Chinese said they had never heard of Menlungtse. In fact, Bonington had offended the Chinese preference for local names rather than those bestowed by Westerners. Shipton had christened the peak Menlungtse, after the nearby Menlung pass, whereas the Chinese knew it as Qiao Ge Ru. Bonington thereupon made a second application to climb Qiao Ge Ru and, with the diplomatic niceties restored, the Chinese agreed.

‘I love climbing so much I couldn't give it up’

Bonington's surprise was matched only by his delight. "I am as excited about this as I have been for any previous expedition," he says.

For Bonington, 52, the Menlungtse expedition comes at a juncture when most were earthbound mortals are considering how to bring their careers to a close in the most comfortable manner. He looks rudely fit, with bright eyes and a sporting beard, and has been at the forefront of British mountaineering for 35 years.

In his twenties, Bonington helped set new rock-climbing standards in Snowdonia and Lakeland in partnership with the legendary Don Whillans. He next turned to the Alps and made the first British ascent of the North face of the Eiger, a mountain made notorious by a series of gruesome accidents in full view of the media watching through the telescopes of the Kleine Scheidegg Hotel.

Bonington then looked to the Himalayas, and has now led three expeditions to Everest and others to K2 and Annapurna. His parties forged audacious new routes on the mountains' most intimidating faces, such as the South-west face of Everest and the South face of Annapurna. Yet his duties as leader meant that he was never able to join the final assault teams, and the world's highest summit eluded him until he climbed

Menlungtse, an unconquered neighbour of Mt Everest, is described as "the loveliest vision of all." Peter Gillman reports on Chris Bonington's latest expedition

The peak of a career



Michael Frith

Everest by the traditional South Col route in 1985—at that time the oldest person ever to do so.

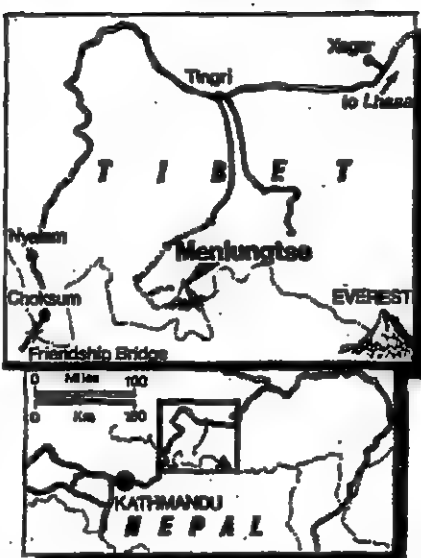
Bonington has been a pioneer for British mountaineers in other ways, setting an example through his skill at financing what is hardly a profit-based activity. After a spell as an army officer, Bonington worked for a time as a magazine salesman, but found that when the mountains beckoned his sales quotas suffered.

He resolved to become a full-time mountaineer, gleaming a living from whatever spin-offs he could devise. Since then he has become an accomplished and fluent author with nine books to his name, including several best-sellers; his lectures are invariably packed; and he has made rewarding forays in television and film. "I've been fairly successful," he says discreetly, "and I earn a reasonable amount of money."

Bonington's entrepreneurial activities at first aroused the enmity of other climbers, who found him defensive and edgy where money was concerned and wondered if it was distorting his goals. He has become visibly more relaxed and is today universally respected by his peers, both for his achievements and the image of the sport that he portrays.

He and his family—his wife Wendy, and their two teenage sons—live in a converted shepherd's cottage on the northern edge of the Lake District. Wendy has grown as accustomed as she will ever be to his absences, which he calculates at four or five months each year.

Bonington's greatest unease comes from the guilt he feels at exposing his family to the undeniable risks of his profession. All too often Bonington has had to convey the news of the death



of a companion: Ian Clough on Annapurna; Mick Burke, Joe Tasker, Peter Boardman on Everest. "It's a risk game. And in that sense I can't justify putting Wendy at risk. Yet I love climbing so much I couldn't give it up."

Those reservations apart, Bonington professes to be as keen on climbing as ever. "I used to worry whether my stamina would go, but it hasn't. I'm climbing as well as I have ever done. I've learned from what's happened in the past. I enjoy doing what I'm doing now and I'm excited by what I'm doing for the future."

The Menlungtse expedition illustrates Bonington's attractive ability to find friends in the competitive world of elite international mountaineers. The friend-

ships in question were struck during the Norwegian bid to climb Everest in 1985.

Since the Norwegians had never attempted Everest before, they invited Bonington for the experience he would contribute. Bonington hesitated, for his own previous attempt in 1982 had seen the deaths of Boardman and Tasker, who vanished high on the North-east Ridge in circumstances chillingly reminiscent of the disappearance of Mallory and Irvine in 1924.

But Bonington's natural and deep-seated desire to reach the ultimate summit won and in the end he had much to thank the Norwegians for. He was at least 10 years older than most of his companions and found himself lagging behind on the final summit approach, and at one point collapsed in the snow.

The Norwegian Odd Eliassen, a carpenter, encouraged Bonington to his feet and promised to stay with him for the rest of the way. Bonington retains the warmest feeling for Eliassen: "He is one of the kindest, nicest people I've ever climbed with."

When Bonington received permission to attempt Menlungtse, it was natural for him to reciprocate. He invited two Norwegians to join him: Eliassen, and Bjorn Myhrer-Lund, a nurse from Oslo, who is probably Norway's best all-round mountaineer and, Bonington says, "a very modest and self-deprecating man."

The fourth climber in what is a comparatively small team is Jim Fotheringham, a dentist who lives near Bonington in the Lake District and has climbed with him in the Alps and Himalayas. Two other Norwegians have been enlisted as support climbers: Torgeir Fosse and Helge Ringdal, both businessmen who joined a trek to the Everest base

camp during the Norwegians' 1985 ascent and leapt at the chance of returning to the region.

The Norwegian alliance has also helped to solve the problem of how to finance the \$45,000 expedition. Bonington has been adept in the past at attracting top-flight British companies to sponsor his ventures but even his name proves less seductive for a lesser peak such as Menlungtse — 23,564ft high, against Everest's 29,028ft.

For a time Bonington contemplated selling places on the expedition for trekkers who could accompany them to base camp and might even be prevailed upon to help carry their loads. In the end Helge Ringdal found the nearest solution. He canvassed his business contacts until he had enlisted a consortium of Norwegian companies with interests or ambitions in China to underwrite the expedition. They include the Bergen Bank, which has an office in Beijing; the China-Geo Geophysical Company, a joint Norwegian and Chinese seismic company; Norsk Hydro Power; and the "17 Group" which sells ships' gear to China.

Ringdal also wooed a variety of marine, export and exploration companies, among them Fjellstrand, Oslo Shipping, the Skeie group, Stord Bartz, and the Ulstein group; banks and finance groups, such as the Christiania Bank and Eksportfinans; and the airline SAS. He even persuaded Europe's Business Newspaper to become involved, and Bonington's reports on the expedition will appear exclusively in the Financial Times.

Bonington, meanwhile, was lobbying his own business acquaintances, and the British companies who have agreed to supply goods and services range from

Dan Air and the Newcastle equipment company, Berghaus, to the Lake District manufacturers of Calthwaite fudge and the local farmhouse which makes its own Cheddar cheese.

Even for a man of Bonington's experience, the days before departing on an expedition are invariably hectic. Bonington was in London last week to complete a last-minute deal with ITN, and his time was further circumscribed by taking part in a lecture-tour to help raise money for an Alpine climbing but that will serve as a memorial to Don Whillans, who died in 1985. But once the team arrives beneath the mountain it will be able to concentrate on the task in hand.

Since no one has attempted Menlungtse before, it remains something of an unknown proposition. The first goal will be to establish base camp in a yak pasture at the foot of Menlungtse's west ridge. The team will spend 10 days acclimatising to the altitude and conducting a reconnaissance of the mountain's southern and northern flanks. From poring over photographs taken by expeditions to neighbouring peaks, Bonington believes that the most promising route could lie up a slender arete or ridge in the centre of the mountain's south face.

The arete looks formidably steep. But Bonington recalls the climber's adage that "you can never tell how difficult a route is until you are rubbing your nose against it." It is likely to present around 5,000ft of climbing on both rock and ice and will require a high degree of technical expertise. But it has one overwhelming advantage. It is, says Bonington, "reasonably safe."

What climbers and non-climbers imply by "safe" are of course two different things. In this context it means that the climbers should not be in danger of avalanches, since the arete stands clear of the snow-slopes and there are no overhanging ice-pinnacles above. As Bonington concedes, no Himalayan expedition is ever risk-free. "But in this case," he says, "the risks seem reasonable and acceptable."

The main obstacle may lie in the strong, cold winds that could greet them at this early stage in the pre-monsoon season. Bonington draws consolation

‘Success, especially in the Himalayas, is never guaranteed’

from the fact that they will not be venturing into the so-called "death zone" that supposedly lies above 28,000ft, where the lack of oxygen causes an inexorable physiological decline. With due caution, however, Bonington points out that while their chances must be rated as fair-to-good, "success, especially in the Himalayas, is never guaranteed."

The expedition has one further objective to give it spice. The glacier close to Menlungtse was where Eric Shipton took his celebrated photograph of a Yeti footprint in 1951. Since it remains the single most important item of evidence for the existence of the Yeti, supposedly half-man, half-beast. Recently some authorities have expressed doubts over the footprint, wondering whether it could have been a combination of several paws or feet, or even—in view of Shipton's pugnacious sense of humour—a fake.

Bonington is not among the sceptics. "I am sure there is something there," he says, and he and his colleagues will be keeping an eye open for further evidence. But Bonington admits that if he did see a Yeti he would be presented with a "terrible ethical dilemma."

Should you broadcast the fact to the world, he asks? "Or should you leave the poor old Yeti to live in peace?"

The Long View

We all pay for the debt crisis

THE NEWS that the secondary market in perpetual floating-rate notes has virtually collapsed is probably not keeping you awake at nights. You might be equally unconcerned about the fate of the much-larger market for ordinary FRNs, which is now in difficulties. But the problems of the banks, which lie behind these market events, are worth your attention. Even if you are not a shareholder, you are a customer.

The troubles of the banking system "became obvious, of course, as far back as 1982, when the Mexican debt crisis first came to light, and had been boiling up under the surface for some years before that. These difficulties—basically, a doubt about claims of some hundreds of millions of dollars, possibly being written down or written off—have been depressing bank shares and their credit ratings ever since.

However, the hope has persisted, against much evidence, that the banks and the borrowers could somehow work their way out of trouble, given enough time. That hope largely evaporated with the Brazilian suspension of interest payments, and it is time to draw up a statement of account.

The nature of the problem has not changed in a decade. In the 1970s, the banks stepped into a situation which governments were unwilling, and probably unable, to solve: providing a home for the Opec surpluses.

These should have gone into long-term investments, but the Arabs naturally did not trust the official IOUs of their victims, or even their stock market securities. Their funds might have been sequestered.

The banks looked safer because they could not risk the consequences of refusing to honour their deposit obligations; nor would governments dare to

Brazil's problems may seem remote but the problems of the banks which have made unwise loans affect us all, says Anthony Harris. But while there are unavoidable costs, there are some opportunities, too



force them to do so. So began the great game of recycling, to loud official applause. If this operation had been restricted to the Opec problem, no harm would have been done. In due course, when the oil price fell, the deposits would have been withdrawn again. However, banks cannot profitably take deposits unless they can make equal loans.

It was the search for lending opportunities which led to the trouble. The industrial governments could have saved a lot of future trouble if they had mopped up the Opec deposits by selling bonds to the banks; but they did not do so, for a host of reasons. The ironic one was that they trusted the judgment of the banks.

The rest you know: the stampede of lending officers to the developing countries, to the oilfields, to the farms, and to every other borrower who might be tempted into bankruptcy.

After the folly of all this became evident, first with the Mexican crisis and then with the collapse of Continental Illinois, the final, unfinished phase began. The banks tried to find the sound loans to dilute the questionable ones on their books; and they tried to develop new sources of income outside "the deposit-and-loan business."

You can read the results in your junk mail: for, with one accord, the banks have decided that the safest business is personal business—mortgages and other loans, tempting golden credit cards, insurance, stock-trading, estate agencies, and as many new services as they can invent.

It is pleasant to be wooed in this way, of course; but it does put rather a strain on one's self-control, and it is clear that some people have failed this test. English-speaking borrowers seem to have the easiest virtue, and the resulting boom in personal borrowing has kept the economy buoyant (and the balance of payments on a downward path) in Britain and the US.

Now comes the reckoning. For some, it is in the bankruptcy court. For far more, it is a burden of debt service obligations which gives the victim a keen understanding of what Brazil is going through—and a keen wish that a personal borrower could get away with what the Brazilians have done.

You and I, to be sure, are not in either of these classes, but we will still have to pay. The bill comes in the interest charges on your credit card, which are held at usurious rates

to cover the bad debts; on your overdraft, which does not reflect your status as a reliable borrower; and now, it seems likely, in your privacy.

The banks seem to have woken up, rather late in the day, to the fact that it is no good restricting loans to one customer on some rules of prudence if he can wander round the corner and get another loan and another credit card. They are now discussing a central credit register. Before long, Big Brother will indeed be watching you.

Even if you live by the Polonius rules yourself, and do not owe a penny, you might have to pay some of the bill. If the solution to the Latin American crisis involves further write-downs and write-offs of bank loans, then the banks will declare less profit and pay less tax; and the less they pay, the more the rest of us must pay.

The banks themselves are the biggest sufferers, as is just. Their big corporate customers can now borrow more cheaply than the banks themselves, and have to be wooed with ingenious currency swaps and other devices. The wholesale money market is getting more and more difficult (that is the meaning of the troubles in the FRN market), and the ventures into new services are proving extremely costly. Management is an ever-bigger consumer of midnight oil.

The only practical advice for readers in these circumstances could make banking life just a little more difficult. It is to shop around. Respectable competitors to the banks may be offering cheaper loans because their rules have been easier. The Government itself is bidding for savings with rates of return which seem to defy reason.

Good hunting!

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The Daily Telegraph, Saturday 13th December 1986

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JSE Electrical—USM placing 1.5m shares at 115p.
RCO—Stock market placing of 1.65m shares at 85p.
John D. Wood—USM placing 2.3m shares at 144p.

Colours still flying

AT LAST the market has had a run of really bad news to contend with. Indeed, in a less joyful and optimistic age, the last week of February 1987 might have gone down in the history books as a totally black period for America and much of the Western world.

Given the magnitude of the challenge, the market—with a fall of only 2 per cent on the Dow Jones Industrial Average since the peak it hit last Friday—must be pronounced to have come through with flying colours.

Consider what has happened since last Friday's record. Over the weekend, the Group of Five conference in Paris had less success in bolstering the flagging dollar than in drawing attention to the desperate straits of the Japanese economy—which looks as if it is drifting ineluctably into its worst recession since the second world war.

Figures from Germany and France, too, have confirmed that 1986 was a year of economic slowdown around the world, despite the halving of oil prices. Yet the "deal" worked out between the finance ministers and central bank governors holds out no clear prospects of the much lower interest rates in Japan and Europe, which would have finally laid to rest the fears

that the Federal Reserve Board might ultimately have to tighten US monetary policy to stem the dollar's decline.

Not unconnected with the worldwide economic slowdown, Brazil's threatened default on its \$105bn debts has brought the Third World debt crisis back

Wall Street

OPEC's difficulty in sustaining the oil price—another indicator of international economic weakness—has obviously had a dampening effect on oil stocks. But it could equally have been a bearish factor for the whole market, which has been booming since last summer partly on hopes of a new era of stable oil and commodity prices.

Some of this unsettling international news, especially the weakening of oil prices, was at least susceptible to other, cheerier, interpretations. There has been no such ambiguity on the domestic front.

Most prominently, of course, there has been the Tower Commission's damning report on the Iranagate scandal, which could well mark the end of the Reagan era in the US.

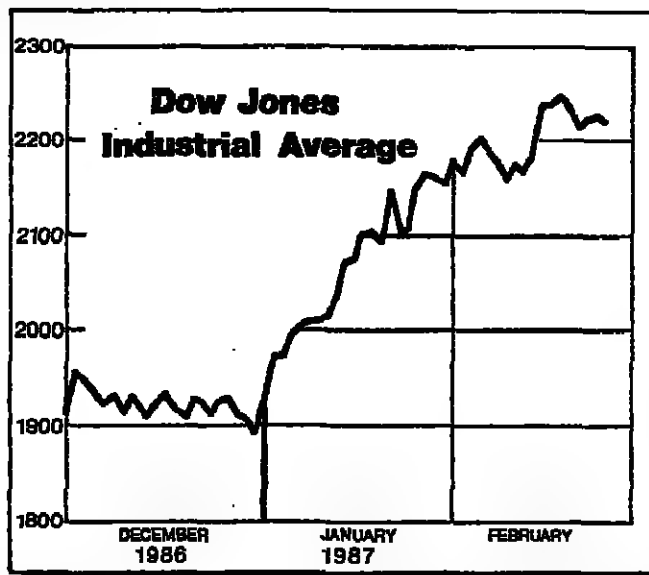
What makes the Iranagate scandal truly significant for the markets however, is that it

greatly increases the Democrats' chances in the next Presidential election. And on a more cynical note, the ascendancy of the Democrats in Washington could also negate the chances of a carefully-engineered pre-election boom in 1988.

Meanwhile, the US economic indicators have varied from bad to shocking. The biggest blow was the collapse of durable goods orders in January. Analysts had been expecting a slight decline in capital spending this year, in reaction to the 1986 tax reform package.

But the 7.5 per cent fall announced on Thursday—the worst such figure since the beginning of the 1980-81 recession—went far beyond the gloomiest expectations. Combined with recent downward revisions of 1986 GNP and inventory figures, the durable goods orders have put a big question mark against forecasts for a revival of US economic activity, especially in the trade-sensitive manufacturing sector, in the first half of this year.

They have also dimmed the prospects for the cyclical and heavy engineering stocks which have been in the vanguard of the stockmarkets' climb since last summer. In view of this, the fall of only 9.56 points in the Dow on Thursday must be adjudged a triumph of bullish



psychology over bearish fundamentals.

The triumph looked all the more impressive yesterday morning, when the market managed to recoup the whole of Thursday's losses despite two further economic shocks. An 0.7 per cent jump in the consumer price index—about double the analysts' average expectation—marked the worst inflationary performance since the black days of June 1982, bull market.

The trade figures showed a sharply higher deficit of \$14.5bn, as well as an upward revision of the December deficit from \$10.7bn to \$12.7bn. US

exports in January fell by 11 per cent while imports increased by 7 per cent and every major industrial component of the trade deficit was up.

The market's resilience to all these figures was particularly striking, given that a turnaround in the US trade performance, as "evidenced" by last December's figures, had been one of the most important economic factors fuelling the present market boom.

MONDAY 2216.54 -18.70
TUESDAY 2233.28 +6.74
WEDNESDAY 2236.24 +2.96
THURSDAY 2216.68 -8.66

Anatole Kaletsky

Cash let out of the bag

PARIS IS looking far gloomier from an economic viewpoint than it did a week ago, but the prospect of slower growth and faster inflation has done little to dampen the enthusiasm of stock market investors.

The bourse rose steadily throughout the week and hit a new record on Friday claiming airily to have anticipated all the bad news that Mr Edouard Balladur, the minister for the economy and finance, let out of his bag on Wednesday.

Perhaps the most damaging news was on inflation. While the markets had been bracing themselves for a sharp rise in the consumer prices index for January, the increase of about 0.9 per cent in the month has triggered concern from trade unions and critics some doubt on how long France will be able to hold its wage costs to a slower rate of increase than West Germany.

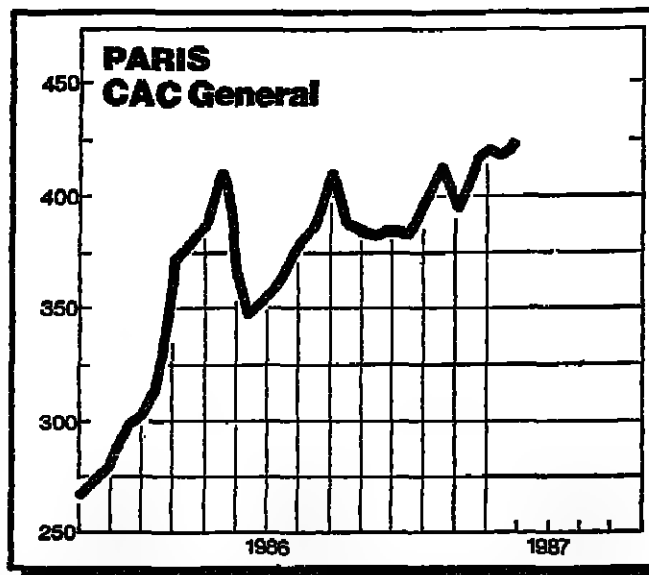
The official government forecast of inflation for the year—now raised to 2.5 per cent from the 2 per cent figure included in its budget—still looks over-optimistic to many observers. The European Commission, for example, has revised its forecast of French inflation this year upwards, to 2.8 per cent from the 2.3 per cent rate it forecast in October.

It is the same story for French economic growth. Mr Balladur has lowered his forecast for the growth of French gross domestic product, but still expects growth to top 2 per cent. The Commission, by contrast, has lopped 0.7 percentage points off its French growth forecast to bring it down to 1.8 per cent.

None of this dented the market. Foreign investors had earlier been selling into the rise, and had helped to prevent the bourse rising too strongly. Many stopped selling last week, and the Paris CAC index now finds itself back at its level of the end of January, up 7 per cent on the year.

According to Mr Richard Lake, technical analyst at brokers Savory Miln, the CAC index is now showing a chart shape very similar to the UK FTSE 100 index at its break at 1870 in early January. "So it suggests a strong upward move which might take the Paris CAC General up to at least 500 over the next few months."

Stefan Wagstyl



On the side of the fundamentals, too, several brokers are confident, as French companies begin to announce their 1986 results.

"Company profits are a priori very good, but some are going to be even better than expected," says Mrs Claire Rodrigue, analyst at the French brokers Tuffier Xavier. Mrs Rodrigue expects profits for quoted companies to be up by an average of 20 per cent in 1986, with a further 16 per cent earnings growth to come in 1987.

Newly privatised St Gobain did better than this, announcing net consolidated earnings up 90 per cent to FF1.45bn to the new shareholders, who came to its general meeting at the Zenith, a Paris concert hall more accustomed to the sound of Status Quo and Johnny Rally-day.

Earnings for 1986 are improved also by the reduction in corporate tax rates, from 50 per cent to 45 per cent.

"Other things being equal, this reduction in taxes should increase net profits of the companies concerned by 10 per cent," said Mr Andre Levy-Lang, president of Compagnie Bancaire, the financial services group, as he reported an 18 per cent rise in net earnings—partly because of this tax bonus.

But the main driving force behind the Paris market at the moment is liquidity.

"From what we are seeing, the cash flow from private clients is enormous," commented one Paris broker.

The cash is flowing thick and fast through the mutual funds, including those which benefit from tax advantages under the Monory law for investing in French equities, and which must invest their money by the end of March.

It is also, however, coming directly on to the stock market from individual investors who,

for the first time, have set up bourse accounts at their banks or with stockbrokers after a preliminary paddle in the relatively calm and protected waters of the St Gobain and Paribas privatisations.

In the Paribas flotation, 3.8m individual investors, mostly applying for ten FF405 shares each, saw their allotments scaled back to four shares. This leaves around FF1.9bn of unsatisfied cash which, brokers hope, will come straight back into the market—not counting the institutional investors who were out of the Paribas offering altogether.

Far from saturating the Paris market—as some, including off-

Paris

cials at the finance ministry, had feared—the privatisation programme appears to have brought out untold wealth from under the beds of French investors.

"You must not underestimate the richness of the French. They can always bring back some of the money they have hidden in gold or over the frontiers," said Mr Pierre Moussa, the former chairman of Paribas, speaking at the American Chamber of Commerce last week.

This realisation is not only encouraging the finance ministry to accelerate the flotation of companies in the state sector, but also allowing other companies to call on the market without fear of being crowded out by the privatisations.

Rhone Poulenc, the state-controlled chemicals group, was prevented by its owners from raising new funds last year. It is now, at last, being allowed to go ahead with a FF2.5bn issue of privileged certificates of investment.

George Graham

Difficult to predict a move

It is also true that neither the Tower Commission's damning report on Iranagate, nor the Brazilian default, were entirely unexpected. In the first case, the likely outcome was well known in advance; in the

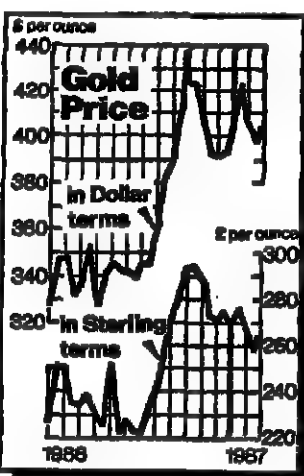
port on gold published this week.

Shearson acknowledges that after seven successive years of increasing production, there is no shortage of bullion on the market, particularly as there are unlikely to be any buyers in 1987 to match Japan—last year Japan bought nearly half the West's annual mine production.

However, Shearson says there is scope for a strong price increase if the US stock market starts to top out. The report says that the total value of investment purchases of gold in 1975-86 is only 0.45 per cent of the capitalisation of the world's stock markets. For the bond market the figure is only 0.3 per cent. It would therefore take only a tiny shift in funds into gold to have a huge effect on prices, says Shearson.

The figures make a telling point. But it is by no means clear why funds invested in gold during a brief panic on the stock and bond markets should necessarily stay there for long.

As long as inflation rates stay low and real interest rates remain high, investors holding gold will be giving up income. It is worth bearing in mind that the more pessimistic forecasts for the world economy see stagnation rather than a resurgence of inflation as the more likely threat.



Resources

second there was a strong element of déjà vu.

But the events of the past week do underline how difficult it is to predict what might or might not move gold. An argument strongly supported at present among gold bulls is that after five years the soaring stockmarkets in New York, London and Tokyo cannot possibly have much further to run.

When the inevitable correction comes, so the theory goes, it will come suddenly and send investors scurrying into gold.

Shearson Lehman Brothers, the broking company, put this case forward in an annual re-



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Unaudited Results

Year ended 31 December	1986	1985
Revenue	£640.4m	£581.5m
Profit before taxation	£135.5m	£124.3m
Earnings	£84.4m	£79.0m
Earnings per ordinary share	21.9p	21.4p
Dividend per ordinary share	12.0p	11.0p

The information above is extracted from the full financial statements for the years ended 31 December 1985 and 1986. The full financial statements for the year ended 31 December 1985 have been filed with the Registrar of Companies and the report of the auditors thereon was unqualified. The full financial statements for the year ended 31 December 1986 have not yet been reported upon by the auditors and have not yet been filed with the Registrar of Companies.

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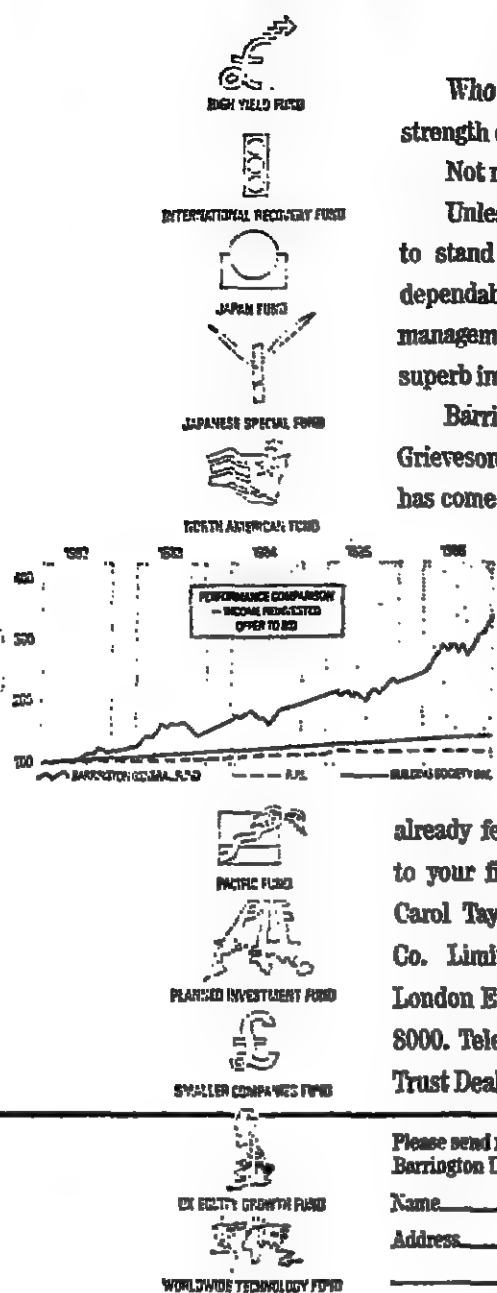
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Risk-free reserve

IT MAY be a gimmick, but RBC Trust Managers are making quite an offer to support the introduction of two new unit trusts. During the launch period up until March 21, you may "reserve" 20 units for every 100 bought and take them up later (until June 1) at the offer price of 50p, even if the quoted value of the unit has gone up above that level in the meantime.

In other words there will be an opportunity for an instant profit if the funds perform well during the next few months and the unit price is driven higher. You will be able to buy the reserved units at 50p whatever the current market value at the time.

RBC will automatically reserve the extra 20 per cent of units at 50p each in your name at the time of purchase but these may be taken up only if the original investment is retained in your name. You are

not forced to buy the "reserved" units, if you don't want to, supposing, for example, the value of the funds has fallen below the original offer price. So the option is heavily loaded in favour of the investor.

The two trusts being launched with the special offer are RBC Select International Trust and North American Trust. The offer to reserve 20 per cent of units bought applies to all sizes of investment, ranging from the minimum of £500 upwards. There are the normal standard charges - 5 per cent initial cost and 1 per cent annual management fee. RBC is a subsidiary of the Royal Bank of Canada, the biggest financial institution in Canada and the sixth largest bank in North America.

Barry Thorp, managing director of RBC in London, says that it is only by being part of such a large group that they are

able to afford the scheme, which is aimed at making them better known in the UK unit trust market.

It is, after all, a potentially very expensive exercise for the group. They will be covering the risk of the stock market continuing to surge upwards by RBC buying an extra 20 per cent of the units, at the end of the launch period when they know how many have been "reserved," and putting them in the box until June 1. The cost of financing is likely to be steep.

Alternatively, to protect themselves against markets crashing, the group will probably use "put" options on stock indices. So far RBC have concentrated on offshore funds, which have a good investment track record. Now they are using their resources to make a splash in the UK.

John Edwards



Safe as houses

BUILDING societies are now able to provide a very wide range of additional services following the greater powers given by the Building Societies Act. One major development that all major societies claim they will implement is an expansion of their insurance services.

So far, all that has emerged is bigger and better versions of those contracts societies offered previously related to house insurance and mortgage cover. It has been left to societies outside the top 10 to venture into new insurance fields not connected with the house, the natural development being to offer motor insurance.

The Skipton Building Society, which just makes the top 20, this week offered its Drivers Club Plan underwritten by General Accident.

This is designed for safe drivers with a recent claims-free history on their previous insurance. It provides automatic cover for the whole family and the no-claims discount is protected for up to two claims in any two-year period. Those interested can get details and arrange cover at any Skipton branch.

More for mortgages

THE PRUDENTIAL, Britain's largest life company, has expanded its Home Loan Service in Scotland by linking up with Barclays Bank Scotland and Clydesdale Bank. The Pru will now have access to an additional £20m to complement its existing mortgage finance in Scotland through its original funding source Citibank.

Under the Pru's Home Loan Scheme, the terms and conditions of the mortgage are set by the lending institution. The Pru has also extended its mortgage We-up with the Midland Bank to the whole of the country, plus the Channel Islands, after a successful limited test operation started in December.

Eric Shaw

Back on the defensive

DOES Fidelity know something that the rest of the investment world doesn't. While stock markets internationally are booming at a record-breaking pace, Fidelity has decided to launch a unit trust that will enable a defensive investment strategy to be adopted.

Called the Global Convertibles Trust, it will invest in convertible-type securities which tend to provide a lower return than by going into the underlying stock direct, but also to decline less in value.

The initial portfolio has a distinctly defensive look - 50 per cent in UK convertibles, 15 in US; 10 in Far East, 5 in

Europe and 20 in gilts and fixed income.

The trust will be on a fixed price offer of 25p until March 20, with a 1 per cent discount until that date. Minimum investment is £500. The initial charge is a hefty 5.25 per cent but the annual management fee is only 0.75 per cent.

CCL Financial Group is making its debut in the unit trust market by introducing two funds - Global Trust and UK General Trust. Kleinwort Grieveson has been appointed investment manager for both.

Minimum investment in each is £1,000, and until March 21 they will be priced at 50p a unit with bonuses of between

1 and 2 per cent depending on the size of your purchase.

Baltic Trust Managers has received strong support from unit-holders for the plan to change the former Global Market Situations fund into a Global Income Trust. An unusually high percentage (two-thirds) of unit-holders voted and more than 92 per cent of these favoured the change.

It is argued that the time is ripe for an international income trust with stronger defensive qualities, particularly now that the decline in UK corporation tax has virtually eliminated the tax inefficiency on overseas income.

J. E.

Building interest

THERE IS a price to pay for everything. On the fact of it, Gateway Building Society's move, in conjunction with the Bank of Scotland, to provide full banking services for its members has many attractions.

The prime objective of the scheme is to enable you to earn interest on your salary between the time you are paid and the time you take to spend it. Few people dispose of salary immediately. There is normally a large balance just after pay day that gradually shrinks until next month's pay cheque. Sometimes the balance turns into a deficit for a short time, but the surplus there for most of the month is money which you lend to the bank interest free. It is "dead" money earning nothing unless you have sufficient funds to maintain the minimum balance required for a high interest cheque account.

Under the Gateway Pathfinder scheme launched this week your salary, when paid into the society's gold star account, starts earning interest immediately - from 6 to 8.75 per cent net, depending on the size of the underlying balance held. You get all the services - a cheque book, a cheque guarantee card, a cash card for use at nearly 1,500 automated teller machines open 24 hours a day, free standing order and direct debit service and even no transaction charges when you are overdrawn. Not a bad deal.

Thrown in as an extra is a built-in overdraft facility, and here lies the rub. To decide the size of the overdraft facility being made available, Gateway helps you to plan your likely annual expenditure. You tot up all those bills - gas, electricity, telephone, car service, holidays - which you know have to be paid during the year. The total amount is divided by 10 and you pay this sum back

monthly to a separate bank account, which provides the cheque book and other services.

So if you estimate your outgoings at £3,000 a year you pay 12 monthly instalments of £300, providing a margin for extra spending.

To calculate your overdraft facility, 25 per cent is added to your figure for annual outgoings - £3,000 plus £750 - meaning that you can borrow up to £3,750.

However, the overdraft is costly. Any debit balance on your account is charged at a hefty rate of interest - 1.75 per cent monthly, equivalent to an annualised percentage rate (APR) of 23.1.

True, you earn a small interest rate of 2.5 per cent if your bank account has a surplus, but the way the scheme is formulated it seems likely that there will be a debit most of the time, charged at an above-average interest rate.

Ian Farquharson, manager of retail services at Bank of Scotland, maintains that the interest rate is competitive in real terms since there are arrangement fees, transaction or other charges which boost the cost of borrowing from the major clearing banks.

He says that rate should be compared with credit cards, which charge 2 per cent monthly (26.30 APR), rather than with secured personal loans, which vary from 3.7 per cent above base rate (11 per cent).

Nevertheless, bearing in mind that regular monthly repayments are ensured by being deducted from the high interest account where your pay cheque is deposited, the interest rate seems rather high.

Bank of Scotland, of course, makes its profits from the scheme on the interest charged on overdrafts. But it is using Gateway, and other building societies, to expand its customer base without the cost involved in financing extra branch outlets.

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Philip Coggan on new BES ventures

Healthy prospects



Country Gardens... investors could be tempted for a third time

BRITISH industry is supposed to be leaner and fitter these days; now it is the turn of the City. It might sound unlikely, but the bolder brigade is the target market of a new Business Expansion Scheme - Barbican Health and Fitness.

The health club will open close to the Barbican, the City's concrete cultural centre, and it will be managed by Bally's Health and Fitness, a successful American health club operator.

Whether the BES was designed as a vehicle for US companies strapped for cash to test the market in the UK, without incurring the required development spending, is open to question. But BHS is entitled to play by the rules as they exist now, it seems likely that the Barbican club will raise the £2.25m it needs.

Barbican launched its issue in a fortnight when the average BES investor could probably have shed a few pounds just by picking up all the prospectuses dropping on the doormat. The end of the financial year grows ever closer, and a host of schemes were launched. Those linked to land - whether built-on or planted-on - were once again predominant.

Country Gardens has tapped BES investors twice before, but there is enough good news of its progress to tempt investors to reach for their chequebooks once again. In the year to December 31 1986 it achieved pre-tax profits of £130,103; up from £38,003 in the previous period.

Country Gardens operates centres in Chilton, Cirencester and Codicote, and has successfully tendered for a site at Mill

Hill in North London. The funds raised from the issue will be used to develop Mill Hill now that planning permission has been given, and to expand the centres at Chilton and Cirencester.

Unusually, there is no maximum limit on the sum being raised. The new shares are being offered at £1 each compared with the 50p at the time of the original BES issue and the current net assets of 87p per share.

Country Gardens has no sponsor, but it has a custodian trustee, Alliance Assurance, which holds the money raised and ensures that the funds are spent in line with the provisions of the company's trust deed.

The success of Macarthy &

Stone in the sheltered homes market has inspired an increasing number of imitators. The latest is Secure Retirement, which Capper is sponsoring in an attempt to raise £5m via the offer of 5m shares at £1 each.

The homes will be managed by Haven, a wholly-owned subsidiary of the USM-listed sheltered housing operator Anglia Secure Homes. The group hopes to build an average of 100 units a year over the next five years.

Alliance Property and Construction is yet another building company specialising in secured contracting, with a strong management team led by John English, formerly the director responsible for property developments at Gerald

Ronson's Heron Corporation. Guidehouse Securities is sponsoring the issue.

Burrell Contracts specialises in refurbishing historic and listed buildings in major Scottish cities. It has binding offers for building contracts. Via its sponsor, Oakland Capital Management, it hopes to raise £2.95m by the issue of 2.95m shares at £1 each.

Two hotel issues were launched: Chester International Hotel, which might not begin trading until early 1989 (so it could be a long wait for the BES3 certificates); and Oak Hotels, which has plans for three hotels in Manchester, Greenwich and Knebworth. The issues have maximums of £3m and £5m respectively.

Meanwhile, Secured Property Developments, launched last autumn, announced that it has started trading. The offer, which passed its minimum subscription level last November, is being extended until March 17.

two issues this week. Film Asset Developments is a company set up to carry out pre-filming work for production companies; acquiring rights, preparing a screenplay, considering locations and preparing the costs budget. Contracts worth £768,000 have already been signed with four production companies.

FAD claims to offer trading terms different from those of its competitors. It insists on payment whether or not the film is made, but takes a smaller share of the eventual profits. Its sponsor, Chancery Securities, plans to raise £1m via the issue of 1m shares at £1 each.

Perry Publications is the publisher of the magazine Business Traveller, which made pre-tax profits of £90,000 on turnover of £1.37m in the year ended December 31, 1986. Although around 89 per cent of the magazine's circulation base is fully paid, the bulk of its revenue comes from advertising income. Perry plans to raise a maximum of £550,000 to finance the launch of a US edition of the magazine, which it hopes will break even by 1989.

It is easy to concentrate on individual company issues; such funds are likely to offer a more risk-averse spread of investments. Octagon's spring 1987 BES Fund is attempting to raise £1m to invest in the "information industries".

News of the progress of some recent issues includes the seventh Lazard Development Capital Fund, which has closed, having reached its target of £4.5m. And Peter Ling Design and Build, the secured contractor sponsored by Austin Horn, has reached its minimum subscription level after a bit of a struggle. The closing date has been extended to March 18 and the minimum subscription has been cut to £500.

● Boom in City gyms - Page XIV

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Making enterprise pay

TAX RELIEF time is here; the time when investors cast around for ways to reduce their tax burden before the end of the financial year. By contrast, bricks and mortar time is always here. Property, usually residential, has traditionally been considered a haven for personal wealth.

This year property people and securities dealers have been trying to pull the two aspects together. They have come up with investment in enterprise zones, 22 of them around the country, where

there is a 100 per cent building allowance on all but residential property.

Investment now in an enterprise zone commercial property could qualify for tax relief in the financial year soon to finish.

The theory is that, for a 80 per cent taxpayer, using this allowance, an investment of £10,000 would actually cost £4,000. In return there would be a steady flow of rental income from the property.

Several such schemes have come on to the market this year. Capital Ventures in Cheltenham

launched the Cave Enterprise Retail Trust, inevitably called Cert, and drew in £2m during the first week. The fourth Property Enterprise Trust, Pet, managed by a subsidiary of London and Edinburgh Trust, opened and closed fully subscribed with £5m.

This week Brighthouse Tax-invest Development in London offered the chance of direct investment in industrial and development property in three enterprise zones - Middlesbrough, Swansea and Tayside.

They all follow the theory, but with different means and different emphases.

Each trust seeks or has sought minimum investments of £5,000, aiming to pool funds for management. The Brighthouse Taxinvest scheme wants subscriptions of at least £50,000. And, just as the trusts have a life of 25 years, so Brighthouse Taxinvest anticipates an investment of the same length.

Cert is using the funds it attracts in shopping properties, at Parkgate near Chatham, Team Valley at Gateshead and at Speke on Merseyside. The aim is to cash in on the growing attraction of big retail centres just outside major towns, an attraction which the Government hopes to curb in favour of inner city developments. Pet placed more emphasis on industrial property.

Brighthouse is interested in office and industrial property. Cert and Pet have been investing in developed or semi-developed property while Brighthouse wants to raise capital for new projects.

When Pet was open to subscription, it estimated rental income at about 6 per cent of the net amount invested. Cert said an investment "is expected to provide an initial yield which for a typical taxpayer will equate, before management charges, to about 12.5 per cent on the net cost of his investment." For Brighthouse Taxinvest, Mr Julian Newiss said, "Taking into account tax benefits, the yield could be about 18 per cent but that depends on land values."

All the schemes' promoters note that further relief on top of the tax relief on the investment can be obtained. "Interest paid on a loan to acquire shares is deductible from rents for income tax purposes," says Pet.

It is easy to get in. The problem is that it could be tricky and expensive getting out. The problem is the 25-year life of the trust. If the shares are sold to just anybody, the Inland Revenue can start clawing back the tax allowance.

This is done through a "balancing charge." If an allowance has been received on £100,000 invested and the shares are sold for £50,000, the refund to the Government is due on the amount for which the shares were sold.

But if the shares in the trust are passed on to a "connected person," there are no problems. Connected persons include family members, family trusts and personal pension funds.

When an investor dies, the Inland Revenue does not attempt to claw back the tax allowances. This makes making the investment, as one sponsor delicately put it, suitable for the older taxpayer, but there could be an inheritance tax liability unless this is covered by an insurance policy.

With the Brighthouse Taxinvest scheme, the position on the tax allowance clawback remains the same, but what is being sold is not a share but a whole property.

Such investment involves assessing the likely stream of income leavened by the availability of the tax allowance. Until the 25 years it up, it is something for the bottom drawer.

Paul Cheeswright

Reading this advertisement could double your pension.

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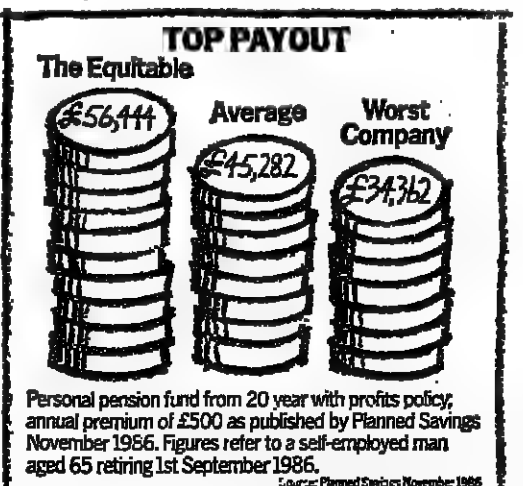
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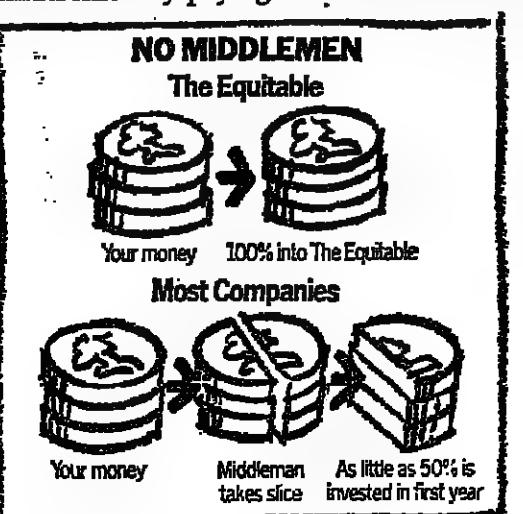


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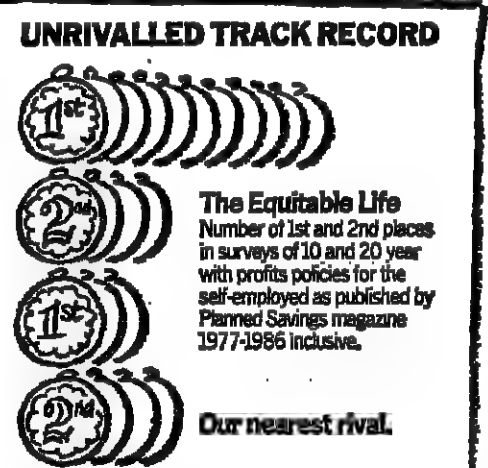
Oddly enough, it is still significantly different from that practised by most of our competitors. The difference lies in a rare combination.

We have no shareholders lining their pockets at our policyholders' expense.

Nor do we make the fortunes of middlemen by paying them commission.



This principle makes brokers reluctant to recommend us, which is all the more reason for you to get advice from us direct. For the fact is The Equitable has a remarkable track record of consistent performance.



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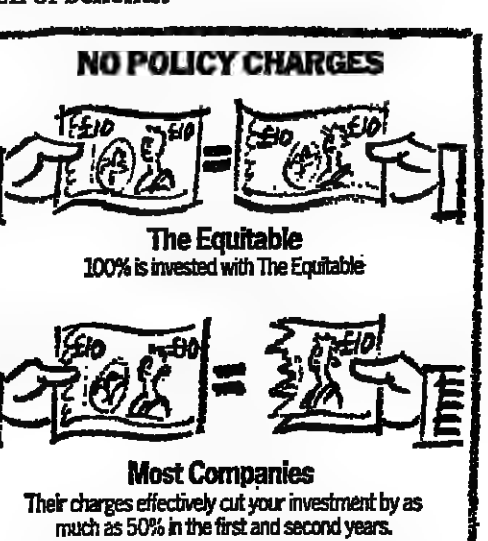
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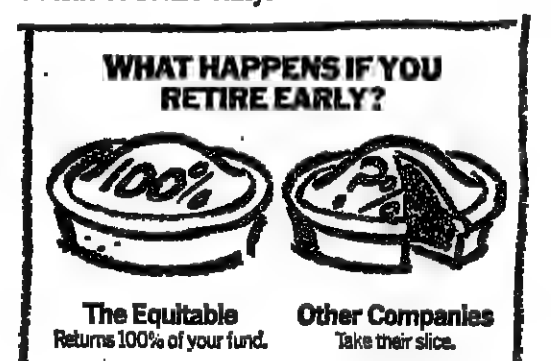


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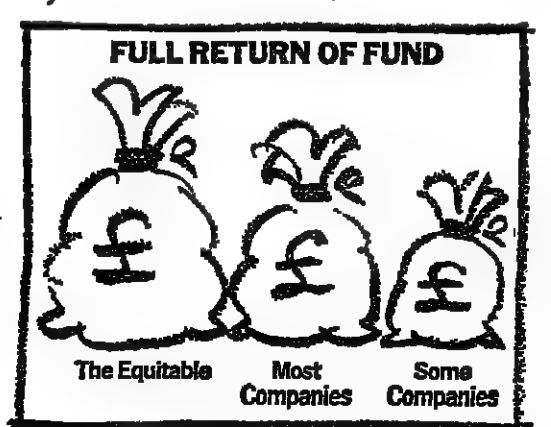
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FT28/2

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Fidelity by a neck

A NEW leader has emerged in the Great Investment Race. The majority of the teams of fund managers competing in the Race have made the most of the recent surge in stock markets worldwide by investing actively in the past month or so.

Almost all the teams have showed substantial gains in the past four weeks. Yet Fidelity has fared best of all, steering its portfolio above £100,000 and supplanting Prudential Portfolio Managers as the leader of the Race.

The six teams of fund managers began the Race late in September armed with portfolios worth £35,000. The Race will run for a year, with the teams competing to see which

can make most money for charity by managing the portfolios. The Race is sponsored by Prudential Unit Trust Managers and organised by Charity Projects.

Even the laggard, Hoare Gorrell, succeeded in boosting the value of its portfolio in the past month. Hoare Gorrell floundered in the first few weeks and hasn't so far recaptured lost momentum. Its portfolio is now worth £33,555 and is composed chiefly of cash, together with holdings in Premier Consolidated Oilfields and Boots.

Messel, by contrast, has fallen behind in the past few weeks, chiefly because it was unduly pessimistic about the prospects for international equities. "We

The Great Investment Race

thought the markets, especially the London market, were overbought," says David Hunter, managing director. "We were wrong. But now we are determined to catch up again."

The Messel portfolio, which slipped to £31,574 during the month, concentrates on opportunistic stocks. Messel has recently added shares in American Bionetics, a US company involved with blood testing which has become one of the rather macabre beneficiaries of the spread of AIDS.

Bell Lawrie, which had been dawdling behind the rest of the teams, has mustered something of a revival. Originally, Bell Lawrie proposed to play safe by sticking with the same portfolio throughout the Race. Although its investment philosophy—aiming for slow but steady growth—remains intact, it has begun to indulge in more active

GREAT INVESTMENT RACE

Team	Current portfolio	% change in past month
1 Fidelity	£182,807	+35
2 Prudential	£96,742	+3
3 Nomura	£65,944	+22
4 Bell Lawrie	£46,019	+22
5 Messel	£41,574	-11
6 Hoare Gorrell	£33,555	+10

Source: The WM Company

Car rates up

GRIM NEWS this week for motorists from Warburg Securities—the securities division of the giant financial conglomerate, Mercury International Group.

In its comprehensive annual survey of the UK insurance industry, Warburg Securities is predicting there will be little let-up in 1987 from last year's massive increases in motor insurance premium rates.

At the beginning of 1986, motor rate increases on a 12

month moving average were 13.3 per cent. By the end of the year, this had risen to 33 per cent at a time when inflation was running at around 3 per cent.

The survey lists the rate increases made by most of the companies in the motor insurance business. Some companies—including Eagle Star, General Accident and Royal Insurance—increased their rates three times in 1986, while Prudential Insurance made four increases.

The graph shows how motorists on average have seen the costs of insuring their cars rise over the past few years.

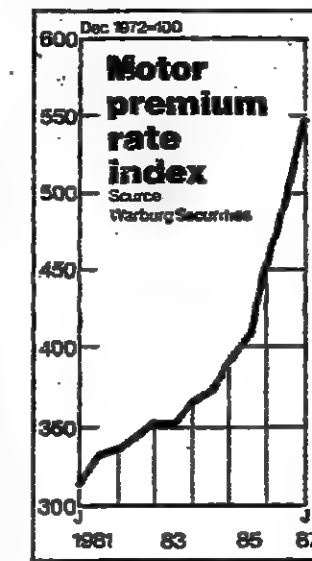
Yet Warburg Securities still expects insurance companies to record heavy losses on their motor account despite the increases and the investment income earned on the premiums and reserves.

So it is predicting another series of hefty increases in 1987.

The survey analyses in depth the reasons why rates increases should be several times the inflation rate—the main one being the dramatic rise in the number of claims. Warburg Securities feels that the number of claims was 6 per cent higher in 1986 for a variety of reasons. Cheaper petrol resulting in greater use of cars and deteriorating driving standards were two major factors. In its model it has built in a further 4 per cent rise in claim numbers for this year.

The insurance companies in 1985 paid out an average £532 for each claim on a comprehensive and £394 on a non-comprehensive policy. Costs in 1986 are certain to be much higher. So what does the motorist do to contain the ever rising cost of insuring his car?

One answer is to shop around, preferably using the services of an established registered insurance broker specialising in motor business. Insurance companies over the past few years have been offering special rates to low risk groups—the elderly,



the young family man, and young women. The differences in premium rates between insurers is significant.

The survey has better news for householders, who in Warburg Securities' predictions, can look forward to a period of stable house insurance rates.

The blizzards that swept the country last month—the survey estimates—will cost the insurance companies some £350m—the largest ever payout for severe weather claims. But house building premiums are not expected to rise as a consequence.

Over the past two years, householders have seen premium rates rise by 20 per cent, one reason being a reassessment by underwriters of the effects of a British winter.

Now underwriters are expecting blizzards, windstorms, floods and sundry perils to be the norm for our winter weather. Their previous assessments presumed that these events were exceptional. The new premium rates should accommodate the costs of last month's blizzards, according to the survey, so no increase will be necessary.

Similarly, householders can expect the massive rises in the cost of insuring their contents to ease off a welcome relief for big city dwellers.

Eric Short



Dearer dealing

KLEINWORT Grieveson, the London stockbroker with one of the biggest lists of private clients, announced this week that it is increasing the minimum charge for its "no frills" Sharecall dealing service from £12 to £18.

The basic charge of 1 per cent (among the cheapest available) and the maximum of £100 remains unchanged. But the increase in the minimum will put up the cost of any dealings with a value below £1,800.

Peter Saunders of Kleinworts says that the Sharecall service has proved very popular but also rather more expensive to run than expected, with many clients needing to be "educated" on how to use the service properly. Not, for example, expecting share certificates to be posted overnight.

He is confident that other stockbrokers with similar "no frills" dealing services, which are used simply for dealing and provide no advice, will be forced to follow suit eventually. So far there are no signs of them doing so. Hoare Gorrell, which pioneered the idea with its Dealercard service, said it had no plans to increase charges. The service had

proved extremely popular, attracting many more clients than originally expected.

Alan Izard, director of Dealercard, said its minimum charge remained £12.50. Its base rates are 1.25 per cent for deals up to £7,000 to £25,000 and lower amounts above that, but the average deal was between £1,600 to £1,700.

Quilter Goodison also confirmed that its charges for Quiltertrade were not being changed "at the moment."

Share Service, offered by Phillips & Drew, has kept its charges at the pre-Big Bang level at a seemingly uncompetitive rate of 1.65 per cent. However, Peter Harrison points out that its dealing-only service is linked with its High Interest Bank Account. You can deal up to the value of funds held in the account, but money is not withdrawn until settlement day when it is simply deducted from the account. This means you earn interest on your money and also have a cheque book facility.

John Edwards

Beat redundancy

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FT 23

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- * Profit forecast stated in the prospectus
- * Third Market quote being sought
- * Preference Shares should be attractive to corporation investors and Pension Funds.

The subscription list is now open and will close not later than 12 noon on 3rd April 1987 — or earlier if the offer is fully subscribed. Shares will be allotted on the 16th March 1987.

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The Capital Ventures Limited, 37 London Road, Cheltenham, Glos GL50 2HA.

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FT 23

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Please send me a copy of the Prospectus for Lockton Shops plc

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Up to the maximum will be paid in proportion to the number of shares subscribed.

John W. 1.75

Advice galore

IF YOU want to know what tax plans you should make before the Budget, and the end of the financial year on April 5, a plethora of advice is available from the leading firms of accountants.

Arthur Andersen, KMPG (Peat Marwick McLintock) and Deloitte Haskins and Sells have all produced timely guides to year-end tax planning for the individual.

Deloitte this week announced that it is going into the publishing business, producing a series of books for personal investors and companies.

The books, covering a wide range of subjects, are in the main brief and to the point but they are quite expensive—£3.95 for the booklet on reducing your personal tax bill. Similar guides covering much the same territory are available free from other companies.

Deloitte's book on inheritance tax costs £4.95, comparable with a similar publication from Peat Marwick on the same subject which is also out this week.

Also just published (by Touche Ross) is a Guide to Tax Efficient Investments, priced at £5.

Accountants claim you can save money by using such guides. But, in most cases, they are difficult or almost impossible for the layman to comprehend.

Much better value for money (at £5.95) is the second edition of *Four Shares* by Simon Rose, providing a layman's guide to buying and selling stocks.

This is one case where the revised second edition is worth-while since the book has been completely updated to take account of events on the stock market since the Big Bang last October brought so many changes.

Also included is a section on Personal Equity Plans. The author concludes they are a wonderful tax shelter... for the wealthy.

John Edwards

WITH the Budget 17 days away, the Chancellor is no doubt assessing which of the many rabbits at his disposal will look best once out of the hat. The money at his disposal has been calculated and recalculated and spent many times over by the various commentators. With this Budget statement certain to be his last substantive one, one suspects that Nigel Lawson will be aiming for something short but unexpected and spectacular.

One virtual certainty is that the Chancellor will adjust the major personal allowances for inflation over the year to December 1986. On that basis the single person's allowance would rise from £2,335 to £2,425 and the married man's allowance from £3,655 to £3,795.

An increase in those allowances over and above the inflation adjustment is, however, an expensive exercise and does rather less to relieve the poverty trap than is popularly imagined. The smart money is accordingly, on a further reduction in the basic rate of income tax, which currently stands at 29 per cent.

If the basic rate were to be reduced to, say, 27 per cent, the gap between that and the first of the higher rates—currently 40 per cent—would be 13 percentage points. It might then be reasonable to expect some rearrangement of the higher rates. The introduction of a new rate of tax between the basic rate and the 40 per cent rate would seem an unnecessary administrative complication. A 5 per cent reduction in higher rates would, on the other hand, solve this particular problem and leave a top rate of 55 per cent.

The thresholds for the basic and higher rates of tax are also normally adjusted for inflation. The band of income subject to the basic rate should increase from £700 to £719,000. Last year the Chancellor decided against the full adjustment in the thresholds for the higher rates above 40 per cent so that the benefit of the basic rate reduction was progressively withdrawn from higher rate taxpayers. This year a full adjustment for 1986 inflation may perhaps be made, but without

With the Budget approaching, Malcolm Gammie assesses the options open to the Chancellor

Lawson's last fling



Chancellor Nigel Lawson... he could be aiming for something unexpected

making good the lost ground of last year's Budget.

Clearly, however, such major tax reductions for the small number of individuals who pay tax at the higher rates may not be regarded as politically desirable in what is likely to be an election year. A straight forward measure to offset those benefits would be the abolition of higher rate tax relief for mortgage interest.

The effect of such a step would be to tax some basic rate taxpayers into higher rate taxpayers. But some adjustment to the basic rate threshold would alleviate this problem.

At the same time the aboli-

tion of mortgage interest relief at higher tax rates has much to commend itself. It pays in part for the other adjustments to the higher rates and thresholds.

Administratively, it leaves all mortgage interest to be dealt through the MIRAS system; no further adjustments are required. Politically, it would allow Mr Lawson to continue along the path he chose in 1984 and to reassert his claim to wear the mantle of a reforming chancellor.

The possibility of a May or June election is unlikely to lead the Chancellor to moderate the number of measures brought forward in his Budget. One

consideration that he is likely to have in mind, however, is the need, should an early election materialise, to drop some measures and to secure an easy passage for those that remain, with the Opposition's co-operation as in 1983. Proposals for tax relief for profit related pay, for a new form of pension arrangements and to implement the first stage of administrative reforms for the payment and enforcement of direct tax liabilities are likely to be announced. While the Chancellor may indicate his latest thinking on transferable allowances following last year's Green Paper, it seems unlikely that he will

plan to introduce any legislation this year. Implementation of any measures would in any event be some time in the future.

The corporate and business tax systems, after the upheaval of the last few years, seem likely to escape with only technical changes.

Capital Gains Tax, however, perhaps presents a greater challenge to the Chancellor. The CGT rate at 30 per cent begins to look out of line with a basic rate of, say, 27 per cent. A reduction from 30 to perhaps 25 per cent is straightforward. On the other hand, outright abolition would be consistent with his apparent desire to remove a tax a year from the statute book. This would, however, leave a greater gap in the tax system (and in the Chancellor's coffers) than the abolition last year of tax on lifetime gifts between individuals, when Capital Transfer Tax became inheritance tax.

Alternatives short of outright abolition might be to exempt specific assets—shares, for example—or all assets held for a specific period of time. The CGT system now gives relief for inflation, but only that after March 1982. The removal of the charge on pre-1982 gains or pre-1982 inflationary gains are further options, but expensive ones which could reduce the yield of the tax to a point at which its continued existence would be in question.

These options and more radical reforms—for example, charging capital gains as income—may not look to be the material for a Finance Bill which may be affected by an election. On the other hand, the Chancellor cannot be satisfied with a tax that is riddled with so many complexities and yet raises relatively little revenue.

Finally, in terms of presentation, perhaps the most radical step the Chancellor could take would be to dispense with the old Budget box for something new in which to take his speech to the Commons. A reforming chancellor should not be stuck with the baggage of yesterday.

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PTC

THIS HAND comes from a team match:

N
73
842
95
KJ 7532
W
J 10984
9753
A 764
E
652
QJ 106
K9
A 1098
S
AKQ
AK
QJ 1082
Q84

South dealt with both sides vulnerable and opened with two no trumps, and North raised to three.

BRIDGE

West led the knave of spades, and South won with the ace. This is a foolish false card—it tells East that there is no future in spades. At trick two, the declarer led the four of clubs to dummy's knave, West showing out. East won at once, and switched to the queen of hearts.

Winning with his ace, South led the two of diamonds, which ran to nine and king. East played the knave of hearts and his partner completed a peter in the suit. The writing was on

the wall and the contract failed by one trick.

In the other room, South also reached three no trumps and received the same opening lead. Winning with the queen—at least he presented East with a guess—he decided to echelon his plays in the minor suits.

If clubs broke 4-0 both suits would be needed, and it was essential to play first on clubs.

"The other declarer did that," you say. Yes, but he ruled everything by starting with the four. The correct card to play is the queen of clubs. This presents East with a Morton's Fork dilemma. If he ducks, the declarer switches at once to a diamond and has enough time to set up three club tricks, which are enough for contract.

If East wins and attacks hearts, the declarer plays another club and plays low from the table. Now he makes four clubs and five major suit honours to fulfil his contract.

This was an entry for the Bois Brillancy Prize:

N
1096
7
A Q 553
A 1085
W
K Q J 52
Q J 8
7 6 4
42
E
87
98542
K 1082
K8
S
A 43
AK 103
CB
Q J 973

North dealt at game-all and bid one diamond. South replied with two clubs, and North raised to three clubs.

South now said three hearts, a responder's reverse which is forcing, and North gave simple preference with four clubs. South tried again with four spades. North, in spite of his minimum, showed his singleton by bidding five hearts and South went on to six clubs.

When West led the king of spades, South saw there was plenty of work to be done. He decided to play East for the king of diamonds so, after cashing ace and king of hearts, on which he threw a spade from dummy, he crossed to the ace of diamonds and returned the queen. When East covered, South ruffed in hand, then ruffed the three of hearts on the table. This brought down West's queen.

Placing East with the king of clubs, South cashed dummy's ace, discarded a spade on the knave of diamonds and ruffed a diamond, West showing out. The ten of hearts came next. West ruffed dummy over-ruffed, and the established five of diamonds was led. On this, South threw his last spade. East could ruff or discard—it made no difference.

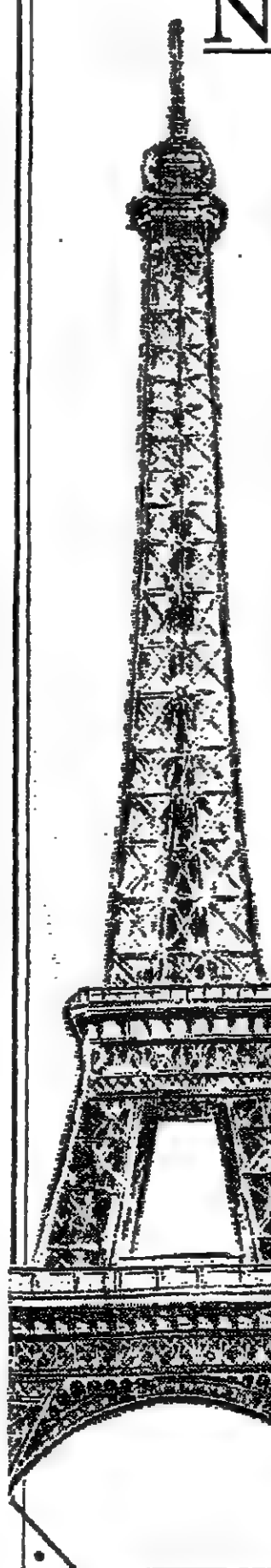
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London EC4A 3DF
FINANCIAL TIMES
EUROPE'S BUSINESS JOURNAL
The content, size and publication dates of surveys in the Financial Times are subject to change at the discretion of the Editor.

FRANCE

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France is set to be Europe's most rewarding stock market in 1987. That is the considered opinion of leading investment managers and financial commentators.

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The French economy is recovering strongly across a wide variety of industries and is demonstrating a new strength and vitality which we believe provide a firm foundation for a prosperous future.

Some of the major indicators of this recovery are:

- Inflation—down from nearly 14% in 1982 to under 2.5%*
- Wage Rises—now running at around 3% after a 1982 peak of nearly 18%*
- Economic Growth—Estimated at 2.5% for 1987*
- Interest Rates—despite having fallen to 9.6%* in 1986, French interest rates remain relatively high and offer scope for further significant reductions.
- Increased Demand—The combination of low inflation and reduced taxes has led to a healthy rise in consumer spending of over 3%*

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MIM BRITANNIA
FRENCH GROWTH TRUST

main French stockmarket is already up 8.5% whilst the "second market" has risen by over 20% (as at 12/2/87, both figures adjusted for sterling investors).

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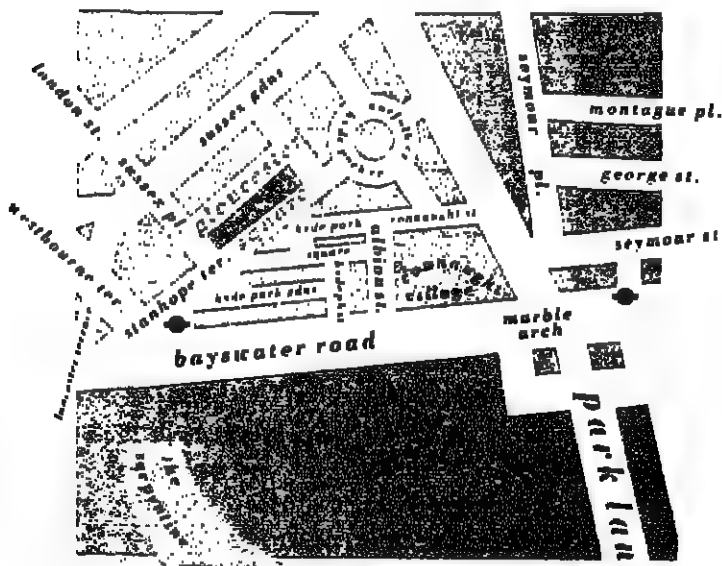
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Between Devon and the deep blue sea

John Brennan explains why new roads and changed planning regulations are altering Devon's north/south divide

FIVE LITRES of Mercedes and a Saudi Arabian driving licence are how one regular visitor cuts the travelling time from London to north Devon. But that is not to be recommended. Driving sedately enough to avoid the risk of endorsements, the 170-mile run to Exeter, via the M3, followed by the dip north on the M5 to the Tiverton turn-off, is only 2½ hours for a non-stop driver.

It is the winding country roads after that which eat the time—and also help to keep properties in the north of the county, outside a 15-mile-wide border area along the M5, at a sizeable discount to those on and below Dartmoor.

The North Devon Link Road, now being built between Tiverton to Barnstaple, should narrow that price gap substantially, according to Martin Lamb. He runs Jackson-Stops & Staff office in south-west England and says: "As a rough guide, a house in south Devon—or in the corridor along the M5—that would cost you £150,000 might sell for around £120,000 in the north of the county right now. And for every 10 people we know of who are looking for a place in south Devon, I'd say there are perhaps three who are looking at the north."

The north does tend to be wetter: its coast provides better surfing than sailing (unless you are particularly handy in a boat) and that barrier of a road network has blocked it off from the range of leisure facilities you will find along the southern stretch from the mouth of the Exe to Plymouth. But in a county where the residential agents have long lists of would-be buyers and a severely limited number of country properties of character, prices both north and south have risen sharply in the past year. Well before the completion of the link road in 1990, the sheer weight of buying interest looks likely to even-up the price gap.

Many of the new Devonians are owners trading down in price and up in quality from properties in the Home Coun-

ties. Charles Mills, of Fox & Sons (Western), part of the Marlet Property Services group, reports that the migration west of retirement-age buyers—which traditionally ended in a bungalow overlooking Lyme Bay in towns like Sidmouth, Seaton and Exmouth—has recently extended to "both the Taunton and Exeter areas."

Retirees looking for a sea view are also affected by the new roads planned in the north, since Fox & Sons confirms that the cheapest coastal retirement towns are along the area by the Bristol Channel and looking out across the Atlantic. Mills says the lowest prices are "probably in such areas as Ilfracombe, with the top range in Sidmouth."

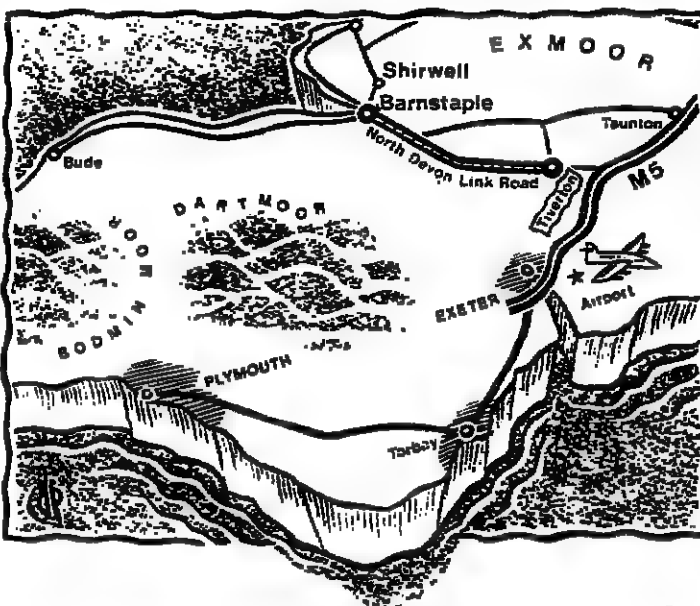
Not that all incomers are cashing in their Hampshire mock-Tudors for a seaside retirement home. The sale of a stockbroker mansion in the shire would now cover the costs of a decent flat in town and leave scope for a place in the country—as long as you do look a fair way beyond the commuter belt and stay clear of high fashion areas like "Royal" Gloucestershire. So there are plenty of active business people on the agents' mailing lists for the area—although, here again, Lamb reports that they are mainly people whose work takes them to London or who have been drawn to the area by the expansion of offices in Exeter.

The InterCity rail service from Paddington to Exeter has cut the travelling time to 2¼ hours, and Exeter's airport will be on the schedule for flights from the new commuter airport due to open in the Royal Docks, just six miles east of the City of London, later this year. Bristol, a seemingly obvious catchment area for buyers, is the source of few enquiries. Bristolians, it seems, stick close to home.

Lamb says Manor houses on Dartmoor are "the easiest things to sell". Stone houses on the Moor with 20 acres or so of grounds, are in great demand. Sales last year suggest that a four to five bedroom mini-



Youlston Park: Likely to prove "irresistible," even at more than £600,000



Carte de la Parle

manor in good condition on the Moor would start at £250,000 and would not stay there for too long. "We had three underbidders for one property like that and it has taken me 12 months to find an alternative property for one of them," Lamb adds.

Further south, the retirement belt and long-distance weekend commuter country overlap in competition for country houses. But there are signs that the Government's rethink of the priority formerly given to agricultural production has already filtered down to local planners.

Lamb is still recovering from the surprise of a planning site

inspection of farm buildings earlier this month when cautious proposals for a part-light industrial, part residential conversion were overtaken. The planners indicated they would look favourably upon a full residential redevelopment of two properties instead. On the strength of that reaction, Lamb predicts: "There are still barn conversions for £40,000 to £50,000 but looks as if any redundant farm buildings that are available will be on the market this year."

Historic houses are another matter, and while most of those in the south and centre of Devon

have an orderly queue of buyers stacked up in the event of their sale, the area around Exmoor in the north has a far thinner crop of major properties. That alone makes Youlston Park at Shirwell, five miles from Barnstaple, a rarity. Several hundred years of history take it beyond "rare".

Lying hidden in the centre of 160 acres of park and gardens, which is itself fringed by a strip of beech wood, Youlston Park House is a grade 1 listed historic building. Once a medieval hall, Youlston became part of the Chichester family's estates in 1490, and was added to and embellished by the Chichesters for more than 400 years. The late Sir Francis (of round-the-world sailing fame) landed his light aircraft in the park on visits just after the First World War; but the days when Youlston had a house staff of 19 and a full complement of grounds-men, gamekeepers and stable hands by then were already a memory.

By the early 1970s the house was in a sad state and might well not have survived as more than a sad derelict but for renovations carried out by the present owner, local landowner John Comer Clark. His efforts have restored much of the natural light to the partly-Victorianised house by uncovering windows blocked off a century ago, and by clearing an inner courtyard of servants' quarters that had been progressively tacked onto the property over generations. Comer Clark cut out the

rot and renewed the roofs, the wiring, the plumbing, interior staircases and timbers.

During the work, he discovered the original Tudor roof of the main hall section, which still stands as an extraordinary timber sandwich between the 17th and 18th century roof line and ceilings of the present house. His builders cleared away layers of paint obscuring spectacular ceiling plasterwork and uncovered a vast 17th century hand-painted Chinese wallpaper that covers all four walls of a room that had been covered by shelling and billiard scoreboards.

Comer Clark has not finished the work and now won't. What he has done is to restore the shell of the house and take the interior to pre-decorated stage. If a "shell and core" Grade 1 historic house isn't a contradiction in terms, then that at least gives the status of the property.

The freehold asking price of "over £600,000" would still be several hundred thousand short of the full cost of completing the total renovation, decoration and fitting-out of the estate. But the hard work has been done; and while Jackson-Stops & Staff (0382 214222) has checked with the planners that they would consider the usual range of options for a nine-bedroom house in this condition—perhaps a corporate headquarters, an hotel, leisure complex, health spa, private hospital or whatever—the house and park itself are likely to prove irresistible to a single buyer.

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ONE DISCREET, and inevitably unconfirmed, reason for the past year's influx of buyers to the Isle of Man is that people selling farms and businesses in the UK appear to have been successful in claiming roll-over relief against working farm and business purchases on the island.

Effective tax management has been less of a reason for the Channel Islanders switching to the Irish Sea. They have been cashing in on the high values of open market properties in Guernsey and Jersey and looking for properties with more elbowroom in the equally untaxed, but more welcoming, Isle of Man.

The new Government in Douglas has said it would like to see as many as 10,000 economically active incomers alongside the island's present 55,000 population over the next five to 10 years; and with the marked revival of the offshore financial community, that target looks attainable.

Michael Pearce, of Manx agent Cowley Groves, reports that the residential market has been livelier over the past six months than at any time since the late 1970s. Office staff and executives drawn to the financial service businesses opening branches in the capital, Douglas, had created an acute shortage of £35,000 to £80,000 modern houses by last summer, and that is still a section of the market with limited supply.

Cheaper properties—unmodernised terraced houses and cottages that have not in the past appealed either to cost-conscious locals or to period



Knockrushen House: a 16th-century property near Castletown in the Isle of Man; at £500,000, it comes complete with smugglers' cellars

property fanciers from outside the island—are beginning to be snapped up. But there are still a fair number of these lower-priced properties to be found before Manx experiences the full impact of a wave of gentrification.

Up in the £150,000-plus range, houses now are "selling like hot cakes," says Pearce.

Christopher Simpson, whose Mill Baldwin group builds some of the largest houses on the island, is now quoting a 15-month waiting period for new jobs. Other builders are finding a fresh line of business in the complete replacement of farm properties and the creation of a new generation of country houses. As Pearce explains:

"there was not the wealth here 200 years ago to have a large number of major houses; and while the planning prevents people buying existing farms and putting new buildings on the land, they are getting permission for the complete replacement of farm buildings." These new country houses take their style from the old; as

Pearce says: "Some are almost Elizabethan to look at."

The incoming residential farm buyers, even those who take on a fair few acres of land, tend not to be active farmers. "They often just like to have somewhere to walk the dog," says Pearce. As for people seeking houses at £500,000 plus, the options are strictly limited. Even after recent price rises, there are no more than a dozen or so on the island in that price bracket; and while Pearce thinks that "perhaps two or three of those could be bought," few ever reach the open market.

One that has is Knockrushen House, near Castletown in the south of the island and just 10 minutes drive from the airport. A 16th-century, eight-bedroom house, it comes complete with smugglers' cellars and a history that includes former owners like Miles Standish, the military adviser to the Pilgrim Fathers on their American trip, and Fletcher Christian, who went on to lead the mutiny on HMS Bounty.

Priced at £500,000 by John D. Wood (01-629 9050), the house has been updated inside and stands in a couple of acres of garden and orchard, adjoining a further five acres of leased land.

There are three flights a day from the island to London Heathrow, 80 minutes away, and the introduction of jet services this summer is expected to cut that journey to 50 minutes.

John Brennan

Service given with the sale

FARON SUTARIA has acquired the knack of irritating other estate agents. When he started his Nottingham Hill agency he was, as he says, an unknown quantity, whose only previous experience was as a mortgage broker. No one took much notice of yet another newcomer to the residential market.

Even when he started to open his office late in the evening the innovation was merely taken as evidence that he could not make a go of it in "normal" agency hours. Opening weekends—with the office active until 5 pm on Sundays rather than the mornings-only service that has since started to be offered by a number of other agencies—was, at first, regarded as just another gimmick.

His latest "first" is coffee and crisps over the sales particulars for house browsers. They form part of a positive attitude to customer service that is notable primarily for its rarity in a busi-

ness that is not widely regarded as being particularly user-friendly. Sutaria is a salesman first and last. He does not deter surveyors working for him, but neither does he feel that surveyors are necessarily the best people to provide a house sales service.

As for opening late in the evening and over the weekends, he sees no reason why prospective home buyers should have to come to his office in their working hours if they don't have to. It is a viewpoint which is creating headaches for the staff management teams of other agencies in the area, but it has yet to win much support elsewhere.

Working on sales commissions of 2 or 2½ per cent in Central London, and at or below 1½ per

cent in the provinces, it would be unrealistic to expect UK estate agents to match the level of service offered in, for example, the

United States, where 5 and 6 per cent commissions are commonplace. Yet being open for business when it is convenient for customers to visit an office seems to be a fairly basic element of service.

Since personal service is the prime competitive counterweight available to independent estate agencies in the face of the greater capital resources and marketing muscle of the new national agen-

cies, Sutaria's non-traditional approach is a far from frivolous example. Even his crisscrosses may have broader implications. Home buying is not yet seen as an aspect of the leisure industry. Window shoppers—"time wasters," in normal agency parlance—are discouraged in favour of more serious would-be buyers. Yet the retail industry has already begun to segment "task" shopping from "fun" shopping; shifting bulk-buying out of town, and investing in speciality centres where window shopping is part of the appeal. Applying this to the residential property market, buyer-browsers with crisscrosses in hand may well become an important part of a business that until now has been able to operate in a take-it-or-leave-it way, dealing mainly with buyers whose need for a property makes them relatively undemanding customers.

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Antony Thorncroft on the Maastricht Art and Antiques Fair

Robbery casts a \$2.5m shadow

THE Maastricht Art and Antiques Fair opens next Saturday, but the big news sensation was last week when picture dealer Robert Nonnman had eight of the finest paintings he had brought to Maastricht stolen from the gallery he runs in that city.

Like most art robberies this one is a total mystery. The thieves seemed to be aware that the gallery would be temporarily over-flowing with good things and selected exceptional pictures, including a Holbein, a country scene of the highest quality, on offer for \$1m. Also lost are a Rembrandt, a Pissarro, a Jan Brueghel the Younger and a David Teniers. They are well-known pictures. None would be sold on the open market.

There has been no ransom demand; there are no leads. Fortunately Nonnman has plenty of pictures in stock; visitors to his stand will find works by Frans Post, Dufy, Pieter Brueghel the Elder and many more. All told, the lost pictures are valued by him at \$2.5m—and there is a reward of 10 per cent of their value for information received.

The incident brings home the link between art and money. Often, when dealers expand on

the beauty, the provenance, the artistry of their works of art, it is easy to forget that they are basically salesmen. The organisers of the Maastricht Fair try to disguise this awkward fact by holding alongside it a loan exhibition of interest to academics and connoisseurs, which proclaims the permanence of art.

This year, on loan from four local museums, are around 30 mediaeval carvings from the Maas valley. They include the Virgin of Exeter, dated to around 1063; one of the earliest, most human, and most moving of all the known primitive evocations of the Virgin and Child. Nowadays it would be a brave Fair that did not include a nod towards the scholarly.

This is the third year of the enlarged Maastricht Fair, a coming-together of a picture fair and an antiques fair. It is the biggest annual event on the Continent, last year it attracted 30,000 visitors—more than Grosvenor House in London—and sold goods worth over £20m. What makes Maastricht an exception to British visitors, accustomed to bored-looking dealers selling tired stock, cramped in temporarily converted hotel suites or Victorian town halls,

is the opulence of the surroundings. On one side are the picture dealers; on the other those who specialise in works of art. You can, as a potential customer, concentrate on your collecting passion, but the hope is that the happy buyer of an 18th century painting will have an eye caught by some Meissen porcelain or a Louis XV cabinet.

Of course the appeal of Maastricht to the 80 dealers who have taken space is its position—in the southern sleeve of the Netherlands, a few minutes from both Germany and Belgium. The rich collectors of Cologne and other Rhineland cities can drive there in an hour, and the city is roughly the same distance from Brussels. Not surprisingly, most of the goods on offer are of Dutch, Flemish, German or French origin, but British dealers have developed an increasing interest in the Fair, and this year it has brought space. It takes some time to adjust to quoting prices in five currencies, but the affluence of the browsers makes the effort worthwhile. While the Grosvenor House Fair has its fair share of the eagle-eyed, a high proportion of visitors to Maastricht expect to buy.

Among the most regular attenders at the Fair is London

dealer Johnny van Haften. His interest is predictable: he sells Dutch and Flemish pictures; he has always disposed of at least ten at Maastricht. This year he is offering a pretty interior by de Hooch, which recently surfaced in Sweden after almost 80 years of obscurity and is priced at £350,000; as well as works by the Ruissdaels, Jacob and Solomon.

It is optimistic to take British paintings into this continental heartland, but Colnaghi is offering Italian and French works as well as a portrait of a young archer by the 17th century Dutch artist Nicolaes Maes. Among other London picture dealers on display at Maastricht are Chaucer Fine Arts, Alan Jacobs, Douwes, and Elmerside, which is boldly offering a classical scene by the late Victorian Alma-Tadema who, after all, was Dutch-born.

There is also a strong presence from Bernheimer, now well-integrated into the London scene while continuing to run a palatial operation in Munich. Among his offerings is a mid-18th century Aubusson tapestry. It's a Chinese garden scene which should widen its appeal. The oldest British entrant is Crowther of Syon Lodge, which specialises in architectural fit-



Detail from Portrait of the van der Berg family, by Jurgen Ovens, on offer by London dealer Alan Jacobs at Maastricht

tings. Crowther has taken a paneled room dating from around 1640 to the Fair, and priced it at £55,000. It is also offering a large stone well-head, four feet high and five feet square, made in northern Italy in the 18th century.

Fairs are becoming a much more significant feature of the antiques world. They offer the dealers a chance to hit back in unison against the dominance of the auction houses—in eight days Maastricht will sell more items than all but the three big

international salerooms sell in a year. Unlike the salerooms, all the treasures on offer—which start at around £100—can be bagged over. Dealers might wince at the mark-ups some dealers have put on pictures or works of art, that they recently acquired at Sotheby's or Christie's, but you do get a guarantee, good advice, and usually a "buy back" offer. Few British collectors visit Maastricht. It is very accessible and its richness would amaze them.

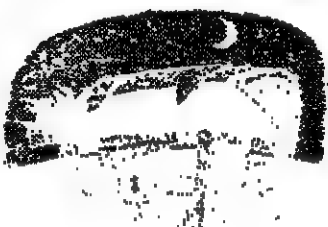
produce well-made furniture of good design are two rush-seated but sophisticated mahogany chairs with ripple rails, designed by Gimson. Morris and Co's chief designer, George Jack, is represented by an Italian walnut panel finely carved with flowers and foliage in low relief.

Architectural drawings feature throughout the show. There are the expected designs for traditionally constructed cottages—such as the cob and thatch Devon home Gimson designed for his assistant Basil Young—and drawings showing Gimson's collaboration with William Weir in work for the Society for the Protection of Ancient Buildings. Gimson's grandiose city schemes are shown in a perspective view (unexecuted) for the new head office of the Port of London Authority in Trinity Square.

Ernest Barnsley gave up furniture design around 1905 to concentrate on architectural work. But business still prospered at Daneway under Gimson, and the Cotswold Arts and Crafts tradition did not die with him in 1919. Peter Waals, Gimson's foreman craftsman set up his own workshop. Sidney's son Edward Barnsley continues to produce furniture in Hampshire, and the exhibition concludes on a note of continuity with a serving table in wenge and yew made two years ago by one of his pupils, Alan Peters.

Susan Moore

Byzantium in the Cotswolds



Treasure Trove

Plain Handicrafts (1982) Gimson emphasized that the craftsman should show in his work something of the pleasure he took in natural things, his

inspiration, and that he should learn from studying old work. All is neatly encapsulated by one framed group of drawings. Alongside two flower studies and floral and geometric patterns copied from the 14th-century frescoes in Berkeley Church is his design for a lectern at Roker Church, Sunderland, of 1906. The geometric pattern in its ebony stand derives directly from the fresco panels, the floral inlay a free interpretation.

Domestic furniture designs range from coloured presentation drawings for clients to scrappy but more informative sketches for the craftsmen. Most precise are Gimson's drawings for turned chairs with rush seats, the manufacture of which he handed over to a local boy, Edward Gardiner, in 1903. Somewhere in between falls Sidney Barnsley's design for an English oak dresser for Ambrose Heal of 1922, annotated with Heal's comments which Barnsley has heeded in the final design.

Proof, if any were needed, that Arts and Crafts furniture is not all unstained oak and austere simplicity, is provided by recent acquisitions. The first pieces to enter the collection by Kenton and Co. (a firm set up in London in 1890 by five young architects including Gimson and Sidney Barnsley to

Most of the museum's 2,000 or so designs, most of which have never been shown before, came after the death of Mrs Emily Gimson in 1941, augmented by some 300 by Sidney Barnsley given by his son in the '70s. The representative selection on display demonstrates not only the extent of the efforts made by Gimson and the Barnsleys in reviving traditional craftsmanship and materials in buildings and furniture making but the range of documentary material. It documents too their collaboration with fellow architects and designers such as Robert Weir Schultz and William Weir. Gimson's two designs developing and refining Weir Schultz's scheme for the choir stalls in St Andrew's Chapel, Westminster Cathedral of 1914, opens the exhibition. The Daneway visitors' book records Weir

Schultz's visits and the account books show that the prototypes took 3021 hours to complete, at a cost of £14 13s. The prototype Byzantine chair itself, of brown ebony inlaid with ivory, is on permanent display in the museum.

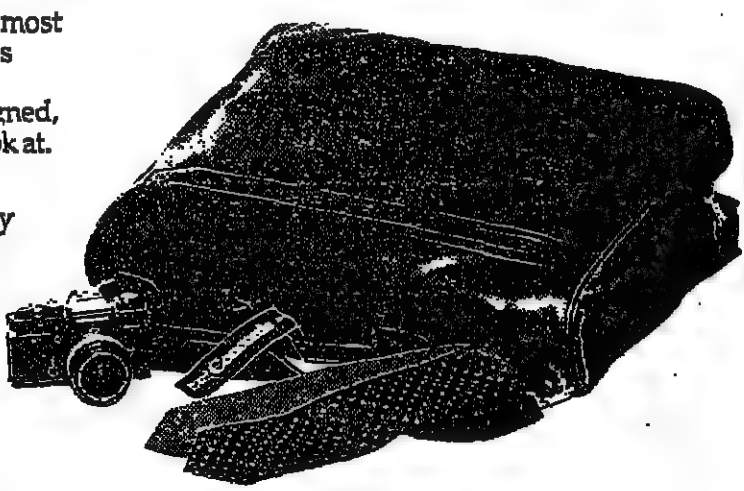
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Historic heroes and villains



The Birkenhead goes down... but the troops line up to await almost certain death

MEDAL COLLECTING is a venerable hobby; but its orientation has shifted in the past decade or so. The old collectors were simply concerned with the numismatic variety and quality. Nowadays the value placed on a medal often depends very much on the story behind the award and its recipient.

Two medals in a Sotheby's sale on March 4, for instance, recall dramatic nautical disasters of the 19th century. The wreck of the Birkenhead was to become a Victorian legend of heroism amid catastrophe. So moved was Wilhelm IV of Prussia by the exemplary discipline displayed on that occasion, that he had the story of the incident read out at the head of all his regiments.

The Birkenhead was a large steam frigate which had been converted into a troopship. On January 7, 1852, she left Cork for South Africa carrying 491 officers and men, a crew of 130, and 25 women and 31 children. At 2 a.m. on February 26, a day out of Capetown, where she had disembarked some passengers and taken on supplies and horses, the ship hit an uncharted rock off the aptly named Danger Point in False Bay.

Many soldiers on the lower decks were drowned with the first in-rush of water. All the women and children, however, were brought on deck and put in the only cutter that could be launched: the incident is famous as the first time the cry "Women and children first" was heard.

With the ship on the point of going down the commander gave the order "All those that can swim, jump overboard and make for the boats." The senior army officers, Captain Edward Wright and Lieutenant Gladstone, recognised that if so many men attempted to board the cutter with the women and children aboard it would be swamped and sunk. They therefore begged their men to stand firm and disregard the commander's order. Three made for the side, but of the rest Captain Wright later wrote: "Everyone did as he was directed, and there was not a murmur or cry among them until the vessel made her final plunge... All received their orders, and had them carried out, as if the men were embarking. Instead of going to the bottom, there was only this difference, that I never saw an embarkation conducted with so little noise or confusion."

Along with other survivors Captain Wright clung to a large piece of driftwood. The tide landed them on shore about eight hours later. They then trekked through the thick thorn bushes for hour after hour—many of the men naked and unshod. At three in the afternoon they met a man with a wagon: at sundown they reached a cave where there was a fisherman's hut.

Captain Wright's stamina was phenomenal. Leaving his men to rest, he walked on eight or nine miles more till he found a farmhouse and arranged for food to be sent back to the hungry troops. The next three days he spent scouring the coast in search of survivors and arranging the burial of the dead washed up on the beaches. Questioning the survivors, he diligently made up the casualty list, complete but for one man whose name he could not discover—349 men died out of the original 491.

In recognition of his extraordinary conduct, the aged Duke

YOU HAVE until April 10 to see A Vision of History. That is the name given to a small exhibition of books and pictures illustrating the history of medicine on show at the Wellcome Institute, 183 Euston Road, London, week days only. It commemorates the 50th anniversary of the Wellcome Trust, one of the nation's most effective charities.

The Trust is the sole shareholder of the Wellcome Foundation, the international pharmaceutical giant, and the flow of dividends allows it to support a wide range of modern medical and scientific research. However the trustees also share the view of the founder that the history of a subject is a vital part of a total research effort. Some 10 per cent of the Trust's income is therefore committed to that purpose. Research and teaching units are maintained at three British universities and every year dozens of individual scholars receive financial assistance. Most importantly, the Trust maintains the Wellcome Library, a resource unrivalled in Europe.

Sir Henry Wellcome, who died in 1936, devoted the last 40 years of his life to collecting. He saw the history of medicine as part of a wider study of ethnology and anthropology, and his agents scoured Europe and Asia for materials. Afraid of being defrauded by dealers who knew his wealth and his enthusiasm, he would send members of his firm to the auction houses to act on his behalf. But they were usually rumbled. Nor was it difficult to guess the beneficial ownership of Epworth and Co, a rare book company created to do his bidding.

At first Wellcome could not see that the secrecy which had been vital to his success in business was death to good research. In the early days it was difficult for outsiders to obtain access. Now, however, the Wellcome Library is as welcoming as its name. It is a treat to visit a thriving intellectual organisation free from that apologetic air of skimping makeshift and neglect which affects so many British libraries. Although it has close links with London University, the institute offers its services to the whole scholarly world.

Only a tiny selection of the holdings can be seen in the exhibition, but they are representative of the totality. The European materials go back far before the invention of printing and there are over 600 15th-century books. The collections relating to other cultures are almost as extensive. One of the early librarians, Dr Pira Weiss, who knew the major European

languages as well as Sanskrit, Persian, Urdu, Punjabi, and Arabic, bought heavily in India. Other rich hauls were made in South America and in the Far East.

It was obvious long ago that Sir Henry's ambitions were too widely drawn to be the basis of a purchasing policy. Many extraneous materials were therefore sold off or gifted elsewhere to allow the institute to concentrate on its prime activities. Only the founder's erotica survive as evidence of an earlier catholicity and they surely deserve their place. It is not long since the only representations of nudity permitted in the UK were in art, health and medicine books.

A few years ago the Wellcome's museum of medical antiquities was put on deposit at the Science Museum in South Kensington. It is one of the most graphic displays in London, a splendid example of the exhibitor's art, but not a place to take young children if you want them to grow up to be doctors. There is nothing like the history of medicine for making you glad you live in the modern world.

As late as the 19th century doctors still probably did more harm than good. The thought of black swarming leeches is enough to bring on an illness, and as for being cut open with no other anaesthetic but whisky, many people sensibly preferred to suffer. Opium was freely prescribed for virtually every illness from toothache to melancholia, and many families kept a bottle of laudanum in the cupboard.

The Library exhibition contains the journal of Baron Larrey the French soldier of the Napoleonic period who invented the flying ambulance to dress wound at once on the battlefields, to prevent unnecessary loss of blood. The British at that time still stuck to more traditional methods. Colonel Ponsonby of the 11th Hussars who received seven wounds at Waterloo reported that, after he was picked up, his surgeon saved his life by bleeding him—he took 120 ounces of Ponsonby's blood in two days besides what he had lost already.

Not everything in the exhibition is old. The Institute contains the papers of Melanie Klein whose work on the psychoanalysis of children was highly influential. There are alarming documents from the Eugenics Society. A cheerful caricature shows Marie Stopes outraging official opinion by advocating birth control. But, you will be relieved to hear, there is nothing about AIDS.

William St Clair

converted to troop carrying duties, set out for India in January 1857, carrying 368 officers and men of the 54th Foot, as well as a number of women and children passengers.

Early in the trip her crew, a very dubious lot it seems, mutinied, and several were put in irons. Another seaman was skulking when he fell overboard and was lost. On the afternoon of November 11 a soldier reported a fire, which swiftly spread through the aft part of the vessel. The rascally crew ran amok and launched the boats without orders.

The army took command, putting the women and children in the boats and battling the fire. The crew refused to give any assistance in saving their ship, which they would not even take in tow. Eventually the explosion of some powder kegs blew off the blazing section of the vessel and the soldiers brought the fire under control.

This was an extraordinary demonstration of the stoical dedication of the British soldier of those times, half a dozen volunteers risking their lives in repeated sorties into the blazing saloon in order to save the regimental colours—which eventually they did.

Not a soul was lost: even the mutineers in irons had been brought to safety. Most of the soldiers of the 54th had suffered terrible burns, however, their uniforms scorched from their bodies. Few of them were fit to return to service and it is this that puts a special rarity value on the Indian Mutiny medal that Sgt Roberts won only weeks after the fire. It is expected to realise between £500-£700—more than 10 times the ordinary price for an Indian Mutiny medal without a story or bars to associate it with particular actions.

Janet Marsh

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Propriety and prosperity: Gay Firth visits eminently respectable Boston

An orderly state of mind

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Trolley or a "genuinely authentic" English double-decker bus. The city is much more than Mark Twain's judgement that "Boston is a state of mind." Mind you, its accent was a tease long before a generation of

movie-goers left their local cinemas with flattened vowels like Katherine Hepburn's, or before the Kennedys put Massachusetts on the map of modern money, power and politics. Ford Madox Ford, who com-

plained that Boston was an "architectural imitation of the intellectual suburb of London called Hampstead," complained even more of Boston's citizens uttering sounds like brick-throated bulldozers. "It used to occur to me that if the Cabots really had the ear of the Almighty, He must bitterly have regretted that he ever invented the vocal chords of humanity."

You can take a clam bake cruise aboard the Spirit of Boston, and Gray Line and Brush Hill coach tours go just about anywhere—out to Lexington and Concord, say, following the route of Paul Revere's wild ride. Or you can walk.

To be sure, Boston is bustling, but Bostonians retain their knack for privacy and propriety. You will not be pushed around, not even in the dusty, claustrophobic press of bargain basement sales at Filene's, one of Boston's grand old department stores.

Let's we forget, Boston's old families (Americans say "fine old," as if speaking of paint) are with us yet. Beacon Hill in the Back Bay district—just west of the 48-acre Common in the centre of town, which has served as cattle pasture and stage for public executions in its time—is still the bastion of blueblooded Boston.

High brick townhouses parade stately, guarded by gas lamps, up and down its steep streets. The sedate green oval of Lewisburg Square is probably the best address in the US. The 18th century residences change hands only rarely, and then only after discreetly positive vetting, for between \$3m and \$5m.

Boston Brahmin ladies go to town for tea and symphony on Sunday afternoons, while their preppy sons and college daughters "co-eds" to old fashioned folk in a city which has more than 70 universities in its immediate vicinity—head up town. So do the designer-dream men and women who form Boston's upper-yuppie boom in consumer fun and games.

Flowers, fancy foodshops, bars, brasseries and boutiques have made a glamorous, hopelessly trendy foreground of lovely old Faneuil Hall, sentimentally called the Cradle of the Revolution, and copper-domed Quincy Market—wharveside landmarks dancing cheek to cheek with City Hall.

Beyond Faneuil Hall and the Old State House, where the Declaration of Independence is read every Fourth of July from

the balcony, I. M. Pei's twin condominiums, Harbor Towers, zoom skywards out of the old Boston waterfront.

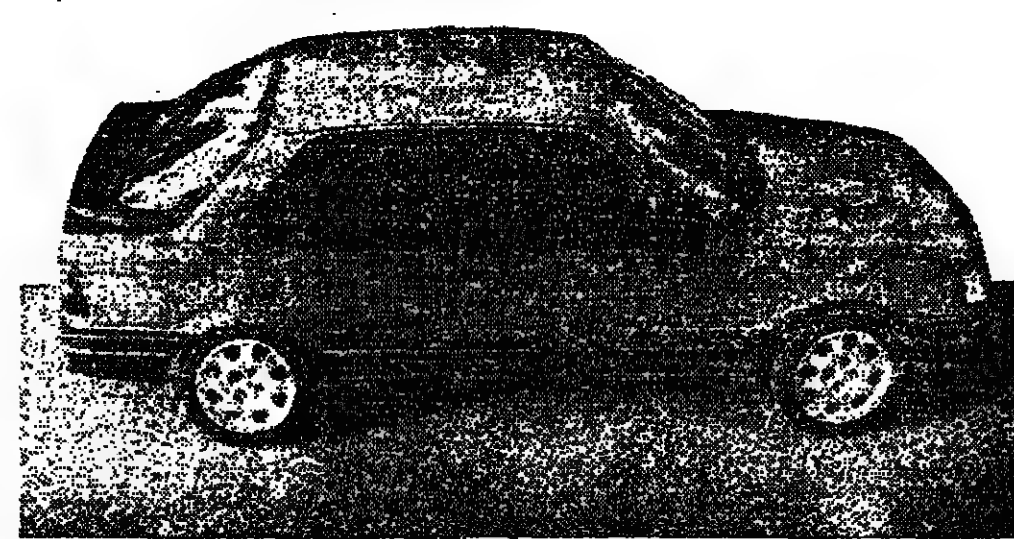
The oldest commissioned ship in the US navy, the USS Constitution, and the "Tea party" ship itself, touchingly small, lie moored under the lofty nose of the financial district, where the huge new Federal Reserve Building—"100 per cent recycled aluminium," said a three-name banker in a three-piece suit. "Wow, is that a pile of old Coke cans"—is handy for seafood restaurants on Sleeper Street and the Italian restaurants of the North Side.

Boston prides itself, properly, on standards of cuisine and hotel accommodation as high as anywhere in the US, and shopping is as varied and adventurous as New York's. "More fun, less tacky," was the verdict of four well-heeled weekenders dressed from head to foot in Italian imports.

If you follow the Freedom Trail, marked by a red brick or painted line from the information booth near Park Street subway station, you will see 16 of the most important historical sites in New England, including what take two to three hours or two-and-a-half centuries, whichever way you like to look at it. Galleries, sporting events and the performing arts are lavish and lively. There was more talk about the Red Sox baseball team than about the Museum of Fine Arts' decision to swap two Renoirs and a Monet for one Jackson Pollock, but civic controversy is the best and healthiest sport available.

However, there is no known controversy about Trinity Church, Boston's best-loved landmark, in the middle of town. Better far to exclaim at its beauty than to believe, as you might, that Trinity Church is an 1877 Byzantine horror, its French Romanesque reflecting red and cream like a tutu-frill cake in the polished glass of the Hancock Building across the street.

Travel details: There are various direct flights between London and Boston daily. Information: Greater Boston Convention and Tourist Bureau, Prudential Plaza, Boston MA 02199 (617 556 4100). Boston Red and Breakfast Inc, 18 Ballard Street, Newton Centre 02159 (617 393 4198). Gray Line Tours (617 426 8808). Boston Red Sox (American League baseball): ticket office (617 387 8661).



Comfort and style: Peugeot's 309 GTI

Car for all seasons

PEUGEOT MUST constantly be reminding itself that nothing succeeds like success. The 205 supermini launched three years ago was a best-seller from the start. The longer wheelbase 309 developed from it is on the way to repeating the story one class up.

It is the kind of car which accounts for exactly one-third of all purchases in Britain, where its main rivals are seen as the Austin Maestro, Ford Escort, Renault 11, Vauxhall Astra and VW Golf. Hatchbacks may be losing ground to "notchback" saloons among medium to large cars, but the 309 is pitched at buyers who prefer a tailgate to a boot lid by more than two to one.

Like the 205, the 309 was launched as a five-door. The 205 soon spawned a three-door version and a 309 with three doors has just gone on sale in France. A few days ago I had a preview of one of the 309 three-doors that are now being made at Ryton, Coventry, and will be on sale here in about five weeks.

It was the top-of-the-range

309 GTI, a fuel-injected four-cylinder that competes with the hottest of hatchbacks like the VW Golf 16-valve. There are four other models: 1.1-litre and 1.4-litre (carburetted) and 1.6-litre fuel-injected petrol cars, and an economy diesel.

The 309 GTI has a similar power train and performance to the 205 GTI, with a claimed top speed of 123 mph and an average fuel consumption in normal use of 37 mpg. Driving one on the deserted autostrada between Civitavecchia and Rome I saw 6,000 rpm in fifth gear (equal to 125 mph) at which speed the engine still ran sweetly and wind noise was moderate. Despite ultra-low-profile 55 series Michelin MXV tyres, it rode with the comfort one expects of a Peugeot. Power steering—a standard fitting—provided effortless parking as well as needle-sharp handling and as much roadholding as one could responsibly want.

Price of the 309 GTI and the other three-door models will not be known until shortly before they go on sale, but a figure of well under £10,000

seems likely. That would let the Peugeot undercut a three-door Golf GTI with optional power steering. The 309 GTI does not compete directly with the 205 GTI, but it could be the car to which an owner moves as the family starts to grow up.

Another version of the 309 new to Britain will be the automatic, this time with five doors and trimmed to CR standard. Its 1.6-litre, 50-horsepower engine is mated to a 2F four-speed transmission and offers the best of both worlds.

In town, you have the relaxation of two-pedal control with lively acceleration; on the motorway, high gearing and a mechanical lock-up in top give economy to compare with that of a manual car. I rated 38 mpg on a manual car, a 100-mile run on a rain-wet autostrada and some twisting minor roads at an agreeably brisk pace.

Deliveries of the 309 automatic start in May. Again, no price has been fixed, but I would guess around £8,300 which, power steering, a most desirable extra, would increase to about £8,600.

Stuart Marshall

Mercedes set to star

Barring any last-minute surprises, it looks as though the new Mercedes-Benz 230CE and 300CE coupes will be among the main attractions at Geneva Salon de l'Automobile, which opens next Thursday for a 10-day run.

They are making their world premiere in Switzerland and are effectively two-door developments of the 230E and 300E saloons, conventionally booted with enormous and steeply-raked rear windows.

Rover's 800, a hatchback derivative of the 800/926 saloon, will not be at Geneva and is also expected to miss Frankfurt Show in September—its launch is planned for the end of the year. But Rover is making a brave show at Geneva with a stand filled with a new version of the 800 fitted with catalytic exhaust emission equipment. Geneva, the only major international motor exhibition held every year, is still among the most interesting, not least because Switzerland has no domestic motor

industry to protect and is a totally free market for the world's manufacturers.

Driving to Geneva is usually my first long Continental trip of the year and is a perfect opportunity to find out if a new model is as good when you live with it for a week as it seemed when sampled briefly at a press launch. This time, I am using a new BMW 728i. My expectations are high: more of this in a couple of weeks.

Stuart Marshall



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Gardening

See the conkering heroes come

THE PAST 15 years have been a wretched chapter in the history of Britain's trees. Drought, diseases and insects have affected many varieties and, to round it all off, honey fungus has been flourishing and has just killed the best winter-flowering cherry in my care.

How can we plant an avenue nowadays with any confidence? Perhaps we should simply choose the one family which has been towering above these troubles and scare-stories. Nobody, as far as I know, has been forecasting death for Britain's wonderful horse chestnuts.

Even now, their sticky buds are one of the first intimations of spring. What could be lovelier than their big pyramids of flower in a park or as a border to a broad drive? Every body knows them, but while I was advising on their use this week, I ended by feeling that people often choose the wrong chestnut or miss some very good ones by thinking too narrowly.

The classic horse-chestnut is the enormous old *Aesculus hippocastanum*. It reached Europe through Istanbul about 400 years ago and has been dignifying Britain ever since. Before you plant it, give careful thought to the conker-problem. Along a drive, this variety is a definite nuisance as its conkers squish into the hard surface. On boundaries or in semi-public



places, they encourage mistle and the depredations of conker-loving children. Town planners now avoid them like the plague. In very grand parks, they exert the same sort of spell on deer. Conkers fall before deer like manna from heaven: I have seen whole herds bounding and fighting like schoolboys for the sake of falling chestnuts. Deer eat them raw and somehow digest them with pleasure.

There are two ways round the conker-trap: *Aesculus baumani* has double white flowers and no conkers while the hybrid *Plantierensis* has pink-flushed

flowers and is sterile. White-flowered horse-chestnuts are incomparably the prettiest type, so my vote always goes to baumani wherever there is room for it. Elsewhere, *Plantierensis* is not so enormous and the pink flush on its flowers is not especially strong. Avoid *Aesculus carnea*, if you can: its flowers are a reddish pink and it conkers abundantly. In the English landscape, candles of white flower on green trees are much more effective than rosy-reds and sickly pinks. Why do some horsechestnuts appear to flower much later

than others? The huge white varieties flower in late May, but a month passes and then some pink-white chestnuts turn up, following the giant's footsteps.

In fact, they are a different variety from quite a different area. It took two centuries of research and guesswork to trace the early-flowering white forms to their localised home in Greece. At first, gardeners thought that they must be Eastern trees because they had come to England through Istanbul. In the 1850s, an Eastern chestnut did turn up but it was quite distinctive.

The Indian chestnut *Aesculus indica* is at home in the distant Himalayas and is a lovely tree which we often forget. It is about half as tall as the Balkan varieties and will resist all but the slightest frost-damage. There is one little trick to it. It flourishes only on well-watered soil, moving slowly if the ground is too dry and too hot at the roots. The flowers are white with a slight pink marking. It conkers, admittedly, but it is an essential pair to the early whites as it prolongs the season into July.

No please space your chestnuts very wide apart: at least 30 yards should separate the tall whites, and 20 yards the Indian varieties.

So what, you may think, because your garden is much too small for a horse-chestnut anyway? Evidently, you do not



know the unusual shrubby chestnut, *Aesculus parviflora* which flowers in the horse chestnut manner as late as August. About 10 feet high, it suckers controllably and makes a spreading clump up to 15 feet wide. It has short white plumes of horsechestnut flower and the typical autumn colour of its big relatives. It is not a conker-dropper, and I like it in natural and wilder gardens where the grass runs out into an orchard or a less controlled area. It is probably too big for many front gardens, although the side-branches can be pruned. Flowering shrubs are scarce enough in August, but this unfamiliar chestnut is a godsend.

It shows once again that it pays to hunt around before accepting the first old chestnut thrust at you by any nurseryman.

Robin Lane Fox

Glasshouse cut like a jewel at Kew

EXCITING things are happening at Kew Gardens. The old Palm House, built in 1848, is now reduced to a skeleton as it undergoes a massive renovation. It looks and sounds more like a steel foundry than a plant house yet the gardeners confidently hope to be replanting it next year.

Not far away, beside the rock garden, the Princess of Wales Conservatory is complete and replanting within it has progressed so fast that the royal opening has been brought forward from September to July 28.

Most astonishing of all, the Kew authorities do not seem to realise that they have created an architectural masterpiece. They certainly did not intend that 15 years ago when they commissioned the Directorate of Civil Administration to undertake a feasibility study for the replacement of 26 ageing and heterogeneous glasshouses known as the T-block, by one purpose-built structure which would be more economical to maintain.

Unlike the much-admired Edinburgh Plant House, it is not suspended on cables from exterior gables, but is supported on interior columns like any conventional greenhouse. There are no fancy curved roofs or domes, in fact the basic form is the familiar span roof with all slopes identical at 35.5 degrees



The T-block at Kew: "a fabulous assemblage of planes"

and orientated in the conventional way east and west.

The vertical walls face north and south and all this was determined by the practical considerations that it was the way to get the maximum benefit from sunlight in winter without too great a risk of trapping excessive heat in summer.

All you will see, very commonsense stuff but what Gordon Wilson has produced is a fabulous assemblage of planes which at the north end build up steeply from a single span to maximum height, with the shining metal boiler flues emerge like a group of giant organ pipes, and then descend and narrow much more gradually to another single span at the southern end. As one walks around this complex structure there is a constantly changing

play of light on these multiple surfaces, as from a well cut jewel. Even from a distance, seen through the trees, it is arresting. Close-up, I find it completely absorbing.

The inside is also visually exciting though not quite so original. But at Kew the vistas seem longer and more complex than in Edinburgh, due mainly to the frequent changes in the width of the interior and the way in which the various areas are interlocked. All this has given great scope for imaginative contouring of the land so that one mounts steadily to a peak among the tropical ferns and then looks down on Victoria regia flaunting its giant leaves in the pool of the aquatic section.

This great building covers more than 5,000 square yards. It is subdivided into numerous sections, each with its own climate, by vertical walls of glass which divide it without greatly impeding the views. As one walks through it one also becomes aware that the economical device of siting the warmest areas in the centre is also good for amenity since, whichever end one enters the building, it is into temperate conditions and one has time to acclimatise as one progresses towards the tropics. It seems quite appropriate, also, that having attained the rain forest, one should look down on the desert.

Though the official opening is in July the public can already go into all those sections in which planning is completed and that now means almost everywhere.

In this house, as in the very modern glasshouses of the Eric Young Orchid Foundation in Jersey, humidity is accurately

controlled without making anything actually wet. This is done by using mechanical humidifiers which break water into such minute droplets that they are immediately assimilated by the air. You may hear a machine hissing and stretch out your hand towards it but there will be no moisture left on the skin. This method is very economical of water and heat, since it takes a lot of warmth to evaporate water, and it is also good for plants, few of which enjoy having dripping leaves.

In the past decade, Kew gardeners have discovered that glasshouses can be operated successfully at temperatures well below those formerly regarded as essential. Even the tropical sections in the Princess of Wales Conservatory are heated only to 15°C (60°F), though sun heat may be allowed to push it much higher where welcome. For a few plants extra warmth has to be provided so the water in the tropical pool is raised to 22°C (72°F) and so the soil for at least one desert plant is kept at the same level. It is so hot by day in its native habitat that the lizards that share it have to keep lifting their heads to prevent being burned. Such local heating could be used in much less elaborate surroundings.

Arthur Hellyer

Up from Down Under

THIS HAS become the time of year when very large, comprehensive tastings of new world wines take place in London: Australian, New Zealand and Californian. A decade or so ago it would have been inconceivable that 77 different Californian, 41 New Zealand and, on 21 importers' stalls, and uncountable number of Australian wines, should present themselves on offer to the British wine market; and all within two or three weeks.

It seems that they are meeting with some success. In 1985-1986 Australian imports have more than doubled to over 1.3m hl, the Californians, after a setback in the period of the high dollar, seem to be recovering ground while New Zealand, probably the latest entrant on to the world markets, is gaining at very limited admission into our very competitive market.

For although more wine is being drunk here every year, this is owing to more people drinking wine rather than a rise in per capita consumption. Consequently these new world wines must be considered more as alternatives than supplements to European wines, particularly to French and German ones.

However, although those unfamiliar with these "new" wines may have to change their sources, usually they will keep to the same grapes. For a feature of these three tastings was that, with the exception of California Zinfandel and the occasional New Zealand Pinotage, all the wines were made from European grapes: Chardonnay in particular, but also Cabernet-Sauvignon, Shiraz, Sauvignon, Riesling and one or two others.

Some are even blends (such as Cabernet/Shiraz) that would make a Frenchman wince, but in fact Penfold's Grange Hermitage from Adelaide and a blend of 95 per cent Shiraz and 5 per cent Cabernet-Sauvignon is arguably Australia's best red wine — and the most expensive too.

The opulent, deep-flavoured '79, resembling a mature Hermitage, is unlikely to cost less than £25 a bottle here. But this is an exceptional price for an exceptional wine.

These "foreign" Chardonnays, Cabernets and Rieslings are strong competitors in price with their European originals. Sainsbury's, for example, is now selling an Australian Shiraz/Cabernet and a Rhine Riesling for £2.35 apiece; though such prices are not typical either. For this as much on quality as on price, and to compete also with fine clarets, white burgundies and superior German wines. Just because wines come from Down Under, consumers must not expect the finer examples to be "given away."

An advantage that many single-vineyard new world wines have is that they mature more rapidly than their European rivals. This is largely owing to warmer climates that often lead to higher alcoholic strength. This is immediately more attractive, as it rounds out the wine; but it can also be very tiring on the palate, and the second glass may be less inviting. At the California tasting I sampled 18 Cabernet-Sauvignons, most of them above the normal 12-degree level of red Bordeaux. The famous Heitz Martha's Vineyard '79, a rich, round, welcoming wine, was 13.5 degrees, and my favourite of them all, Trevelthorn '82, a not-too-big-flavoured, fine claret-style wine of distinction, was 13 degrees. These wines, incidentally, would cost here £25-£30 and £3 a bottle respectively.

Although the finer new world wines may mature more rapidly than the European, they are often drunk too young. Few of us when we buy at opening offer stage the latest Bordeaux or Burgundy vintages expect to drink the wines as soon as shipped, but in Australia and California a kind of well-publicised starter system is operated. When a wine is signalled as just "released" many drinkers assumed that it is high time to draw the cork. Yet this is an exceptional price for an exceptional wine.



Wine

whatever their origin, improve with bottle age.

At these three tastings I concentrated on the Cabernet-Sauvignons. Generally, it seemed to me, the Californians had the edge, partly because the average age of their vines may be higher, though we are talking only about a span of 15 years or so. The Australian and New Zealand wines tend to have a certain sameness.

As these were trade tastings, it is impossible to give the names of those retail merchants who might have decided there to buy and sell the wines; and only where stockists were given are more than approximate prices possible. At the Australian tasting, appropriately held adjoining the ground at Lords, among those I picked out were Seppelt's Reserve Bin 1980 (£4.65), Eldridge Pope, Dorchester, a well-developed wine now at a best, Mount Helen 1983 (about £7), Fortis Ltd, Milhouse Lane, Sheffield, a promising wine still to develop; Lindeman's St George Coonawarra 1984 (about £5) round, attractively, from a distinguished district; Hill-Smoot 1983 (about £4) an attractively oaky Barossa Valley wine with 20 months of French oak aging; Orlando St Hugo, Coonawarra 1983 (£5.25) with a fine aroma and real claret style; Petaluma 1982 (£8.50

Geoffrey Roberts, 19 Charlotte St, London W1), a wine to keep, from a distinguished South Australian vineyard; and Rosemont Hunter River Reserve 1983 (£6.75). These and other estate wines indicate that there are Cabernets as well worth looking for in Australia as in France. The most comprehensive importers are Geoffrey Roberts, and Avery's of Park St, Bristol.

Hitherto, New Zealand's mostly very young vineyards have produced more successful white wines than red, but the Cabernet-Sauvignons shown this year were generally better, though sometimes very tannic. The one that stood out for me was the Smith estate Matua Valley '85 matured in new French oak casks, with a very

big colour, rich nose and real depth of flavour. At £8.50 it is obviously not cheap, but less than a French wine of comparable quality. Others that showed well were the Wairau Valley '81 (c. £7.50), aged, unusually, in American casks, and with a rich aroma and a soft, ready-to-drink taste; Marlborough '82 (c. £6) a big-flavoured wine with a lot of colour which deserves keeping; and Nobilo '83 (c. £6), a soft wine without much tannin and ready for drinking now.

The well-publicised blind tastings between French and new world wines, in which the former come out comparatively badly, are unfair because they take longer to reach their best, but on quality combined with price they certainly face competition from wines unknown to world markets less than a generation ago.

Edmund Penning-Rowse

MY FLOCK of ewes starts lambing officially tomorrow, March 1. So far the ewes have come through the winter in good order.

It all starts on October 1, when the ewes are introduced to the rams for the first time. Our aim had been to have the ewes in good thriving condition at mating time, and probably putting on weight. This seems to ensure a good ovulation and a heavy lamb crop.

We leave the ewes with the rams for a total of three ovulations, and put coloured markers on the rams so that we can sort the ewes into flocks whose lambing dates coincide.

After mating it is important to make sure that the ewes stay in good condition for the first two months of the five-month pregnancy, and then gradually to increase their level of feed to compensate for the drain which the growing embryo lamb put on the ewes' metabolism. Failure to do this can result in a condition called pregnancy toxemia, commonly called "twin lamb disease." It

frequently appears after a fall of snow or some other break in feed supply.

Fortunately this last winter has been one of the best for feed that I can remember. When the snow came in January the ewes took to hay and concentrated feed very well; we actually only had two-out of some 1,100 ewes—affected by twin lamb disease.

The other serious risk is failure of the ewe's water supply. A ewe is well protected from cold, and will graze nearly any snow of it. But should there be a hard dry frost without snow (from which the ewes can pick up moisture) they will soon dehydrate and lose condition. I learnt this the hard way many years ago, and during the frosts last January on the farm, one man spent every working moment thawing out water pipes.

Ewe, ewe and ewe

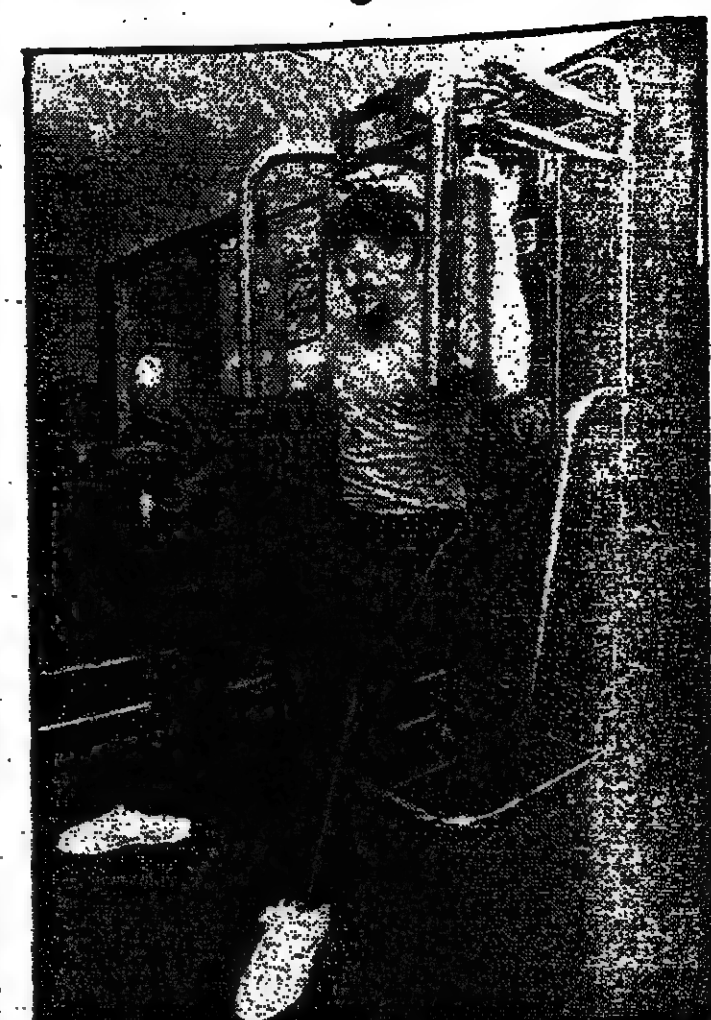


Country

Notes

I do not house my ewes, but an increasing number of farmers do. It is certainly easier on the shepherds, but keeping too many sheep together ex-

Gym will fix it for City gents



OUCH! A member gets to grips with the gymnasium at Lamb's

IT IS barely light at 7 am on a weekday morning in the City of London as a small group of people gather under the railway arches at Cannon Street station. These are not down-and-outs huddling together for warmth against the early-morning chill. They are well-dressed businessmen and professional people waiting for the doors of their club, Cannons, to open.

They have not come to eat, drink, do deals or make contacts. Some have come to play squash; others to swim a few lengths in the indoor pool. Others will be trying to keep fit or lose a few pounds in the gymnasium. Most will be aiming to arrive refreshed at their desks within the hour, ready to cope with the hard day ahead.

Cannons is a sports club with 4,000 members and 300 waiting to join at any one time. It is just one of a number of similar privately-run, members-only clubs to have sprung up in the City in the past few years. Other workers in the Square Mile have the benefit of in-house squash courts, and sometimes gymnasiums, provided by their companies.

Compuser Lybrand, the accountancy group, has two squash courts at its Bloomsbury Square office; Barclays Bank has two in its offices at Lombard Street; British Petroleum has two courts and a multi-gym at its Moorgate offices; and Morgan Guaranty Trust, the American bank, has a small gymnasium in its offices at Angel Court.

Other companies, like merchant bank Morgan Grenfell, have taken corporate membership in private sports clubs like Lamb's, which is run by Mike Corby, a former Lloyds insurance broker and once Britain's top squash player. He also captained England and Great Britain at hockey, taking part in the Tokyo and Munich Olympics in 1964 and 1972.

Corby opened the City's first squash club, London Bridge Sports Centre, in June 1974 and now owns five sports and leisure clubs in the City. He will soon open a sixth, Cottons, in St Martin's Property Corporation's 1.8m sq ft London Bridge City office development on the south bank of the Thames.

Corby says: "When I started, there was almost nothing. There were just seven squash courts in the whole of the City and I owned three of them. Now, there are around 140 of them within a mile and a half of the Bank of England, including in-house courts owned by companies."

It was more by luck than judgment that I opened my first club in the City. I wanted to run a squash club and the site under the arches at the northern end of London Bridge was the first one that was available. But once we had started, it became very apparent that the market was going to expand.

"The City during working hours has one of the densest populations of anywhere in the world — yet people who were interested in sport and fitness had nowhere locally to go. The nearest sports and squash facilities were mostly in the West End. It could take half an hour to get there in the lunchtime traffic."

Not everybody recognised the potential of the market. Corby had to struggle to raise the finance to build his first club but eventually negotiated an unusual loan agreement with a National Westminster bank manager, who advanced the money according to the number of members on the club's books.

"Before building work was completed we had 500 paid-up members," says Corby, whose clubs now have a total of 6,500. When Cottons is included, Corby's clubs will offer City workers a choice of 26 squash courts, five gymnasiums, eight saunas, eight solariums and a 25-metre swimming pool as well as restaurants and bars.

However, with more companies offering in-house squash courts and sports facilities, he fears that some clubs could start feeling the pinch. "It costs a good deal to run a club with the best facilities and modern equipment. Already, two clubs have run into financial problems and had to be rescued."

between 4.30 and 9.30." Typical of the members is Freddy Strebel, a 32-year-old bond dealer and associate director of Merrill Lynch in Finsbury Square, who starts work at 7.30 am. He belongs to Lamb's and tries to play squash at least twice a week.

Strebel says: "I find that doing some kind of physical exercise, even for just 30 minutes, is very important in this kind of work. It reduces stress, gets rid of unwanted aggression, and makes me feel more alert and better able to cope with my job."

Andrew Taylor

CHECKLIST

CANNONS, Cousin Lane, London EC4 (01-233 0101). Open 7.00 am to 10.30 pm weekdays, 10.00 to 7.00 weekends. Diamond membership £550 a year—this includes such extras as laundry, Physiotherapy available.

COTTONS, Hay's Wharf, Tooley Street, London SE1. Opening in June. Ring membership secretary at Lamb's (01-638 3811) for details.

SLIM JIM'S, 1 Finsbury Avenue, London EC2 (01-247 9882). Open 7.00 am to 9.00 pm weekdays, closed weekends. Primarily a men's club with women allowed only at restricted times. £250 for men and £190 for women both plus a £30 enrolment fee. Squash, badminton and gym available.

CENTREPOINT GYM, Centrepoint, London WC2 (01-240 6880). Open 8.00 am to 9.00 pm weekdays, 12.00 pm to 6 pm Saturdays. Men only. Membership £275 a year including gym, sauna, jacuzzi, showers, soap and towels. Sunbeds are extra.

LONDON BRIDGE SPORTS CENTRE, off Swan Lane, London Bridge EC4 (01-623 6895). Open 8.30 am to 10 pm weekdays; membership allows use of Lamb's at weekends. Full membership £140 (which entitles the holder to all facilities) plus £25 joining fee.

SPIRITUALITY SPORTS CENTRE, London Fruit Exchange Building, Brushfield Street, E1 (01-247 9789). Open 8.30 am to 10 pm weekdays; members can use Lamb's weekends. Membership £150 for all facilities, plus £25 joining fee.

CUTLERS SQUASH RACQUETS CLUB, 9 Devonshire Square, EC2 (01-626 3161). Open 8.00 am to 10.00 pm weekdays. Members can use Lamb's weekends. Full membership £275 plus £25 joining fee. Modern gym contains latest Universal and Nautilus apparatus.

Lucinda de la Rue

difficult to persuade to take to another ewe's lamb — even to her own if she is not in the mood. A sow, by contrast, will allow endless liberties without so much as a grunt.

In the last days of February all looks fairly promising. The ewes are still looking very well; their udders are filling nicely. There have been no more than a dozen casualties, mainly miscarriages and problems characteristic of the lambing period: about par for the course. But there will be a lot of hard work and worry over the next few weeks.

I remember that statistics show that 10 per cent of any lambing flock will fail to rear lambs. Of these, 4 per cent will be barren, 4 per cent will die over the year, and 2 per cent will fail because of sheer bloody-mindedness.

A daunting prospect. Yet in spite of this, the sight of a field full of lambs in the spring is one of the most satisfying on earth to the farmer.

John Cherrington

Malcolm Rutherford on a modern view
of a pre-war Tory prime minister

Long innings

BALDWIN
by Roy Jenkins, Collins,
£12.95, 204 pages

"HE IS the head of what is probably the last purely Conservative administration this country will ever see." So wrote the New Statesman of Stanley Baldwin on May 26 1933.

It was not an unreasonable judgment at the time. The Labour Party was on its way up. The Liberals seemed to be by no means finished. It was the Conservatives who were up against it. Yet, as Roy Jenkins admits in his new biographical essay, Baldwin went on to be the dominant British politician of 15 of the 21 inter-war years. Only Asquith, Attlee, Macmillan and—yes—Jenkins should have acknowledged—Thatcher have had similar staying power as peacetime Prime Ministers this century.

Compliments first. This is Jenkins the writer, the political historian, returned to his best. Baldwin is a far better book than the extended essay on Truman published last year. Although more modest in scale, it takes one back to the pleasures of his biography of Asquith, first published in 1964.

It contains some joys. Baldwin, in his time, made some devastatingly effective speeches. One, lasting only eight minutes, took place at the Carlton Club in 1923 and, in the words of an earlier biographer, "changed the history of England." For Baldwin had come down against the continuation of the war-time coalition and, therefore, against Lloyd George, described by Jenkins as the "most famous statesman of Europe." Baldwin broke him and Jenkins comments perceptively: "The coalition was not really a confluence of parties. It was Lloyd George propping up the large base of the Conservative Party."

Other equally powerful speeches were delivered over the years: notably, the attacks on the press barons, Beaverbrook and Rothermere, for trying to dictate to the Conservative Party. As Jenkins implicitly concedes, they provide

the model for his own style of political rhetoric. It was by the "measured and skilful deployment of moderate words" that Baldwin "visibly affected the opinions of a crucial audience."

There is a lot of Stanley Baldwin in Roy Jenkins.

There is something else that they might have in common. Jenkins notes that Baldwin was "delighted by the somewhat undeserved honour of the Chancellorship of the University, which was bestowed upon him in 1930, and which he retained to the end of his life." In that case, it was Cambridge. Jenkins is seeking the honour in another place, whether undeserved or not.

And yet it must be quite hard, as a practising politician, to have written an admiring biography of Asquith and then to go on to tackle Baldwin. For the two Prime Ministers did have certain shared attributes. Both of them may have been outstanding leaders in peacetime. Neither of them foresaw, nor did much to prevent, the cataclysmic events that were to follow their earlier triumphs: the first and second world wars respectively.

Any biographer of both leaders must surely take those lacunae into account. You can blame the pair of them for having their eyes too much on affairs at home, or you can seek to excuse them by saying that nobody else likely to be in office foresaw the wars either. But there must be some equality of treatment.

Jenkins is evasive. The closest that he comes to acknowledging that there is an historian's dilemma here is: "Baldwin, like Asquith, was unlucky in having to engage at the end of his career with major events to the handling of which his talents were ill-suited." That sentence carries understatement, even in the style mastered by Jenkins, to unprecedented lengths. They both failed, though Asquith was more culpable than Baldwin because the first world war was more avoidable than the second. It is as though Jenkins, having once idolised

Asquith, cannot admit that his first flush of enthusiasm for the great Liberal reforming administration of 1906 might have been excessive and that Asquith had his weaknesses like any other Prime Minister.

The book includes one other extraordinary perversion. Jenkins blames Baldwin for what he calls the "whole highly undesirable evolution of British politics in the thirties" and, on another page, the "damaging decade-long distortion of the political pattern."

It is true that British politics of the 1930s, as was the second half of the 1920s, were dominated by the Tory Party. Yet to blame Baldwin for it, even if you do not wish to praise him, is a most peculiar judgment. It was, after all, the Liberals who fell apart to the point where they almost ceased to be a serious force. And it was the Labour Party which showed in 1924, and again in 1929-31, that it was still not ready to be a long-term government.

What Baldwin did, and did very skilfully, was to exploit the advantages that arose from a divided opposition. Someone whose name escapes me seems to be having a pretty good shot at that in the 1980s.

Baldwin's achievements, of course, can be put rather higher. He presided over the extension of the franchise to women, which Asquith did not. He was responsible for the Statute of Westminster which prepared the way for the transition from Empire to Commonwealth. He was sympathetic, when many Tories thought otherwise, to the eventual independence of India. He faced down the General Strike in 1926 without being particularly anti-trade union. He managed the Abdication a decade later: a much more formidable problem at the time than it seems in retrospect.

What he wanted was, in Jenkins's words, a "house-trained Labour Party to redress the balance of the party system which had been upset by the quarrels in the Liberal Party." In the end he got that as well with the restoration of a two party system, which is what



Stanley Baldwin: Abdication a formidable problem

Jenkins in his current colours does not like. He did it by restoring the unity of the Tories and keeping his head while, in a line from his brother-in-law, Rudyard Kipling, all the rest were losing theirs and blaming it on somebody else.

If the achievements are insignificant besides the failure adequately to prepare for or prevent the second world

war, so be it. He was still not a negligible Prime Minister, as Jenkins—when he is not being bad-tempered—fully recognises.

No one who said: "The word *intelligentsia* always seems to me to bear the same relation to intelligence that the word *cock* does to gentlemen," can have been wholly bad. Jenkins could have said that himself.

Anthony Curtis on confessions
of a contemporary creator

Con brio

LITTLE WILSON AND BIG
GOD
by Anthony Burgess.
Heinemann, £12.95, 460 pagesA CLOCKWORK ORANGE:
A PLAY WITH MUSIC
by Anthony Burgess.
Hutchinson, £5.95, 48 pages

THERE IS only one way to become a writer and that is the hard way. Some writers though have a much harder time turning literary talent into a professional vocation than others. Anthony Burgess, who is now the most prolific English writer of his generation, had an exceptionally hard time which he has set down, no holds barred however intimate, in *Little Wilson and Big God*.

The book which is only "the first part of the confessions of Anthony Burgess" draws to a close in 1924, and again in 1929-31, that it was still not ready to be a long-term government.

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Burgess's problem as a child seems to have been that he had an inquiring mind with no one around to satisfy his inquiries. His mother, who died when he was two, had appeared as a singer in the northern Music Halls; his father also had musical ability and used to play the piano in the pub run by the lady who became his second wife and who over-shadowed Burgess's childhood. Its other shadow was the Roman Catholicism in which he was raised.

A natural heretic, Burgess was nonetheless an apt pupil. Apart from his flourishing musical talent inherited from his parents, he was good academically, particularly in languages. He tried Oxford and failed to get into Balliol, and eventually enrolled at Manchester University to study English language and literature.

Burgess has the gift not just of total recall—at times a liability—but of total reconstruction. He well describes the social ambience of pre-war Manchester with its various denominational elements, Catholic, Protestant and Jewish. Even though Burgess had lost his virginity to a WBA lecturer, a widow encountered in the Public Library when he was a schoolboy, as a student he was sexually pretty naïve. His education now went ahead on all fronts. In English he had the benefit of lectures from Professor Charlton and J. D. Jump, also F. R. Leavis and L. C. Knights who had not yet migrated to Cambridge; in music he was well able to look after himself playing and composing for student concerts; and in loquaciousness he found several female students as biddable and eager to experiment as he was himself.

One of them, a Welsh firebird called Lynne, eventually became his wife, and is the heroine of the book. Burgess seems from the start to have believed in the words of the song that "fidelity was made for other chaps," and that went

Anthony Burgess:
late starter

for Lynne too. Hitler's war in which Burgess served first in the Medical Corps did not help. Burgess gives a classically horrendous account of basic training in Scotland after which they were officially married. On his way to a posting in Gibraltar as a sergeant in the education corps he discovered Lynne, who now has a wartime job surrounded by lovers and Fitzrovia. At this point J. MacLaren Ross makes his statutory appearance and we get some vignettes of other less famous habitués of the Wheatsheaf.

It was not until peace broke out that Burgess went to what was then called still the Federated Malay States, but soon to become Malaysia, as a teacher. He took Lynne with him this time, but far from enjoying a pampered colonial lifestyle they found conditions almost as bad as they had been in the army. We are not spared any of their misery. But there is a kind of theme that underlies all the episodes, that of the musician which Burgess was committed to becoming, turning into the writer he did in fact become. That is interesting and unique to him. He has two recurring obsessions, philology and sociology, in other words, the working of the vowels and the bowels. If you can take as much of these as he metes out, then this may well be the book for you.

Fiction

Thirties man

THE NIGHT WALK
AND OTHER STORIES
by Edward Upward.
Heinemann, £9.95, 179 pages

THIS IS a remarkable book on several counts: the author is in his 80s—well past the age when most writers of imaginative fiction cease to be productive; it is impeccably written, in an austere, classical style beyond the capacity of most living writers, whatever their age; and it is by an avowed Marxist, still faithful to the fundamentalist faith he adopted in his mid-30s.

But Upward is interesting for another reason. In his undergraduate days at Cambridge he was a close friend of Christopher Isherwood (to whose memory *The Night Walk* is dedicated) and the leading light in a group that included Auden and Spender.

There is a portrait of Upward at that time in Isherwood's autobiographical novel (his most readable book, to my

mind) *Lions and Shadows*. Upward appears as "Chalmers," the name under which he had published his own first novel, *The Railway Accident*, at the age of 25. This latter book drew partly on a fantastic village. Moreover, Upward had invented and that he and Isherwood constructed and populated in imaginary detail while they were undergraduates.

Upward has published other novels since, notably the impressive political trilogy, *The Spiral Ascent*. But in its best passages, *The Night Walk* and *Other Stories* exhibits the qualities of his earliest work: a dauntlessly accurate eye for physical detail, particularly of a surprising or even grotesque kind, and a haunting use of English, meticulous, even fastidious, but at the same time highly original and imaginative.

The imaginative effect is often heightened by a device also used by Gogol and Kafka—that of allowing more scope, in certain scenes, to inanimate

objects than to persons. Even when presented in a hallucinatory light, these objects can take on more life than the living, as, for example, a Victorian screen in one story in this collection which is "embroidered with brightly coloured parrots and parakeets perched on interlacing leafy branches" and gives a cabinet minister sitting in front of it "a deceptive appearance of unreality for an instant, as if he was an actor playing at having got lost in a tropical forest or jungle."

An episode in another story describes a bizarre encounter with a prostitute whose main interest in life—"her only real home now"—is painting. Various canvases of hers in her modernist, her traditional and her post-modernist style are described with deadpan irony, while she herself remains a shadowy and (but this may be deliberate) a not entirely convincing figure.

Only when he is making overt political comment does Upward

Edward Upward: colleague of Isherwood at
Cambridge and after

fall below a splendidly imaginative level; and then he is not averse to using banal cant words such as "anti-progressive" and "revisionist," and even allows himself to write "the whole existing social and economic system."

There is a paradox here. The use of such numbing phrases

imbues the political activity described in some of the stories with a strong sense of unreality. It is in the astonishingly rich world of his dreams (or nightmares), fantasies and hallucinations that Edward Upward is at his most real and his most compelling.

David Phillips

THE WINDEATER TE
KAIHAU
by Keri Hulme. Hodder &
Stoughton £10.95, 240 pagesDRUNK WITH LOVE
by Ellen Gilchrist. Faber &
Faber £9.95, 239 pagesTHE MEMOIRS OF
CHRISTOPHER COLUMBUS
with Stephen Marlowe. Cape
£10.95, 569 pagesRELATIVE STRANGERS
by Maureen Rissik. Viking
£10.95, 480 pages

TWO NOVELS this week, and two volumes of short stories, all with something to offer in their various ways.

Best known of the authors perhaps is Keri Hulme, who won the Booker Prize a couple of years ago with an extraordinary saga of New Zealand, and who is at it again in the 20 disparate pieces of *The Wind-eater Te Kaihau*.

Many of them have not hitherto been published, and one can see why. Like *The Bone People* they are very variable in quality, ranging from the beautiful to the unreadable, the sublime to the ridiculous. There is a marvellous story here about a pregnant woman in a boat, and beneath her a pregnant whale humming to herself in the icy depths. There are others that you can read twice and still not be entirely sure what they are about.

Maoris, fish, sheep, a beach Arab playing a bone flute, a boy with a hook for a hand—some of these are folk tales, written straight from the burning gut. Others are poetry, screenplays, experimental

More from Maori land

fiction, the stuff of writers' workshops. It's a mixed bag of tricks, in short, with an earlier glimpse of *The Bone People*'s Simon thrown in for good measure.

What does come across though, and very strongly, is the author's tremendous feeling for language, for the way words are put together. The lyrical quality of her work is surely her most important asset. She has a weird talent—at its best when under tight control, and not to everyone's taste even then—yet not to be dismissed lightly either.

Far more even as a writer is Ellen Gilchrist, whose new collection of short stories *Drunk With Love* is in some ways a follow-up to her earlier, prize-winning *Victory Over Japan*. Tracelen appears again, still working for the effervescent Miss Crystal; so does Rhoda, that quintessential American teenager, the only girl in Harrisburg, Illinois not to have started menstruating.

Most of the stories are set in the author's native America and range from a love-struck bookseller surviving an earthquake in San Francisco to a New York journalist who earns her living as a church critic, reporting on matins much as she would the service in a restaurant. Several deal with sex across the colour line—a Lebanese student beating up his German-American wife, a white woman murdering a black man, a black man murdering a white woman. All are whimsical, perceptive, droll; bland sometimes, but always cheerful, always fluent. The book is prefaced

with a quotation from Einstein to the effect that people are barmy. Ellen Gilchrist plainly agrees.

The *Memoirs of Christopher Columbus*, written with a little help from Stephen Marlowe, are an attempt to set the record straight after almost 500 years of deliberate disinformation put about by the explorer's biographers. Round earth indeed! When Columbus was a boy in Genoa, any fool could see that it was flat. If you want people to know how things really were, you can't trust your biographers to tell the story. You just have to sit down and do it yourself.

So the truth is that Columbus was brought up in a brothel and took a job in his youth as food-taster to his cousin Rodrigo Borgia, not yet Pope, but not a man to be crossed either. He allowed Borgia's mistress to seduce him and had to leave Italy in a hurry soon afterwards. He drifted from Portugal to Bristol, via Galway Bay and the Gold Coast, and got into the exploring business almost by accident.

His first thought on setting foot in the New World was a feeling of irritation that there were no TV cameras to record the event, no rights to sell, no vast publishing advances—not like that Neil Armstrong. And as for syphilis, he points out quite rightly that there are several references to similar diseases in Europe before his sailors ever went near the New World.

Columbus has obviously read

his Flashman, and probably Joseph Heller's *God Knows as Well*. His view of the world is David, with hindsight, a device which enables him to place his life in its proper context, with a great many wisecracks along the way. He is a little witty sometimes, but great fun otherwise.

Wordy too is Maureen Rissik, a former publisher now trying her hand at the work-force with her first novel *Relative Strangers*. She is aiming at the women's market, several cuts above Judith Krantz, and deserves—with the exception of

CRIME

"C" IS FOR CORPSE
by Sue Gratton.
Macmillan, £9.95, 243 pages

"C" IS also for California, where a very rich young man is murdered, not long after engaging Kinsey Millhone, private investigator and narrator of her adventures (this is the third). As a detective she acts fast, but her story-telling is leisurely, enriched by a number of marginal, if not downright extraneous characters. The murder victim is affectionately described, and so the pursuit of his guilt becomes all the more impassioned. The solution is plausible and satisfying.

BARREN REVENGE
by John Penn.
Collins, £9.95, 184 pages

Oxford is beginning to rival the popularity of Los Angeles as a setting for violent crime. Mr Penn's familiar and likeable Detective Superintendent George Thorne and his Sergeant Abbot of the Thames Valley Police are involved, this time, in a curious set of misdeeds. Thorne is particularly affected, since his wife disappears at the outset of the story, leaving a disturbing trail. The dramatic personae are numerous, but are described with economy and telling use of detail. A nice traditional performance.

William Weaver
The novel *Kate Vaiden* reviewed last week is by Reynolds Price not Reynolds Stone.

Czech dissident

VACLAV HAVEL OR
LIVING IN TRUTH
Edited by Jan Vlasislav. Faber
and Faber £15.00, 315 pages

VACLAV HAVEL is a Czech dissident playwright now in his fifties who decided to stay on after the Soviet invasion of 1968, and his friends in the West have had the bold idea of presenting him with a book. It is oddly arranged—the first half by Havel, the second by his friends—and it might be best to read Tom Stoppard's essay first, or the final bio-bibliography, to map out his career in one's mind.

A Charter-77 man, Havel was released from prison by the Communists four years ago, and now leads the shadowy nervous life of independent spirits under socialism—drawn dangerously inward on themselves, as they know, since there is so little they can safely do in the world around them. One of his six essays here is symbolically called "The power of the powerless," and the first, his "Open letter to President Husak" of 1973, led soon after to the dissident manifesto known as Charter 77 and to his own arrest.

So the book, with its brief contributions by Samuel Beckett, Heinrich Böll, Arthur Miller and Stoppard, seems a just and fitting tribute to the winner of the Erasmus Prize for 1983. The more fitting, let us say, for being grave and grim. A Czech today is seldom under threat of torture, deportation or execution; as Havel reminds his

head of state, the secret police can interfere in private lives long before any questions of punishment arise. What such lives suffer is rather a sort of slow entropy. You are transformed in your inner being and deprived of hope, valour and conviction.

As Havel recounts it here, life under socialism is an exercise in "endless dissimulation," until dissembling turns natural and threatens to become one's real being. The system seldom kills but always deadens. Its rewards for collaboration turn even the virtuous into "unprincipled and spineless men," a conformist race of lackeys, self-trained in humiliation and governed by opportunists they must flatter and obey. Prague, as Havel says, now enjoys the calm of the morgue or the grave—"Biafra of the spirit," as he dubs the spiritual massacre of his time, fitly framed by ugly factories that foul the air and soil the heavens.

And above everything, a world of lies. That world cannot be destroyed by war, as Havel insists, any more than an ugly woman can turn beautiful by smashing her mirror. For Communism is the convex mirror of Western rationalism, sour and denied itself. Nor can it be met by such intellectual luxuries as bourgeois feminism, which looks irrelevant everywhere except in the rich lands of the West; nor by unilateral disarmament, for whose simple-minded fanatics Havel has an especial contempt; nor by uncomprehending Western leaders like Mrs Thatcher, whose per-

sonal enthusiasm for Mr Gorbachev, fond as he is of whisky and golf, may be influenced by the fact that he reminds her of her husband.

In fact Havel does not have a solution at all, and this is a gloomy book lightened only by a touching helplessness and the candour of despair. No ideology can release half of Europe from the thrall of Marxist doctrine—no policy either, in the short run. Just as Communism has shown there is no Utopia, so it has shown that there is no exit from the attempt to build one.

So there it is. Little more than an hour from London airport, a seemingly stable paradox of revolutionaries presiding over the most conservative of social systems, and without any immediate fear of reprisal or betrayal. Communism works rather in the way that conservatism works, being itself profoundly conservative—by inertia. But subjugation, as Havel remarks, is a cruel price for half Europe to pay for a Victorian intellectual dream of Utopia. Only in his opening sentence, in one of the few jokes in the book, does he hint at a final outcome. "A spectre is haunting eastern Europe," he writes, spicing the opening by Marx and Engels of their most famous pamphlet in 1848: "the spectre of dissent." That vain boast turned true in Prague just a hundred years later. In 1948, when Marxists seized power, so perhaps *Living in Truth* is not so bad a book after all, for those patient enough to wait.

George Watson

Snaffling the scientists

THE PAPERCLIP
CONSPIRACY
by Tom Bower. Michael Joseph.
£14.95, 336 pages

TOM BOWER's book amplifies his account seen recently in a television programme showing how German scientists and technicians were cynically recruited by the allies after the end of world war two as part of the spoils of victory.

He lays bare the calculating, often hypocritical, way this was done. In gathering together the plunder, in an exercise code-named, in the US, Operation Paperclip, the allies chose to ignore the scientists' role during the war. Many of these people were among the chief mainstays of the Nazi regime, and some were guilty of terrible crimes against the inmates of Hitler's concentration camps. In some cases, official records of the scientists' careers were rewritten to hide their pasts.

It is a bitterly depressing book. The German scientists come out equally badly as they whitewashed their careers during the war in order to accommodate themselves with

the allies. The rocket technicians, including Werner von Braun, doyen of the German propulsion experts, who were given jobs by the US and who were the key players in establishing that country's space effort in the 1960s, were leaders among the guilty parties. I wonder what the citizens of Huntsville, Alabama—home of the US's leading rocket centre, and where the town's shopping mall is named after von Braun—make of it all.

The US, at least, organised itself effectively to plunder the scientists. Britain, on the other hand, was incredibly uncoordinated. Some government officials realised the country had a lot to learn from German technical skills. Bower makes the point—mainly in the book's first few chapters, which detail the UK's difficulties in areas such as tank design—that the country's scientific expertise during the war was a lot less impressive than has been generally believed. This part of the book is, as it happens, clumsily written, and detracts somewhat from the rest.

Britain, however, had difficulty deciding whether the

economic returns from employing such clearly unpleasant people outweighed the dubious nature of such deals. By the time the UK had weighed up the issue, either the US, France or the Soviet Union had snatched away the prize German technicians.

One of the American arguments was that unless the US seized a large quota of the scientists, these people would be taken by others among the allies, and possibly used to harm American interests either industrially or (in the case of the USSR) from a military standpoint. Such reasoning, that they advance a country's economic health, was to become part of the post-war scene. With similar arguments governments could, for example, coming Third World countries or even the export of high-tech equipment to implacable enemies. The Paperclip Conspiracy set the tone for the cynical and exploitative 40 years that were to come.

Peter Marsh

Sin and crime in the snow

A SWEDISH husband has his hands nailed to the floor by a jealous wife. Japanese surgeons vivisection a group of American airmen during the Second World War. A Wisconsin mass murderer recalls how he performed his own brand of terrorism on his victims. In the American South, a daughter tells her mother that she is going to shoot herself, they talk for 90 minutes then she does.

Welcome to the Berlin Film Festival, and its movies. Every year the world's film critics gather in this snow-bitten city for a kind of pre-Cannes penance. Some 24 months before they will all be swilling champagne under a Mediterranean sun, they are herded into cinemas where the sins and crimes of humanity are paraded before them. This year, just to make his own experience especially penitential, the FT film critic was also poisoned with a roll-mop herring and was left off the guest list of several receptions to which all his colleagues were invited. Both these crimes were, I assume, accidental (although one does wonder if the pink paper is now becoming persona non grata in a festival with increasingly left-wing tendencies).

The chief reason we all come back here each year is that Berlin is the best-organised major film festival in the world. And unlike some of its shrinking European brethren (notably Venice) it is getting larger, not smaller. At the same time, Berlin's identity as a counter-Cannes, especially in its choice of movies, is becoming more defined. East-West relations and the exorcising of political

or personal guilts are a speciality: as five of this year's most high-impact films have shown. These are:

● Kei Kumai's *The Sea and the Poison*. Two hours of austere breast-beating in black-and-white by the Japanese over their moral conduct in the Second World War. It is based on a true incident in which captured American airmen were used as guinea pigs in medical experiments.

● Alexander Sokurov's *Heartless Grief*. Sokurov, a hitherto "harmless" Soviet director now benefiting from glasnost, gives us a set of allegorical impromptu scenes on *Heartbreak House*. G. B. Shaw's characters are transposed to a Russian dacha in wartime and surrounded with archive footage of Soviet history and the First World War. Sometimes over-fussy in execution, but daring in concept.

● Tom Moore's *night, Mother*. America agonises: the tale of a young woman's suicide pledge and her mother's desperate attempts at dissuasion. The dialogue is sometimes theatrical (scripted by Marsha Norman from her own play) but Sissy Spacek and Anne Bancroft go at it hammer and tongs, raking over the coals of their past lives.

● Oliver Stone's *Platoon*. The multi-Oscar-nominated film turns the Vietnam war into a story about America fighting itself: mercy versus massacre, humanity versus gun-god. (More shortly when the film opens in London.)

● Jim Bennett's *Landscape with a Suitor*. More front-line news from the American Nightmare.

The film is topped and tailed by the cross-examination of two famous murderers (played by actors). Jim Gein and Bernadette Protti. In between, a lantern-slide series of still shots depicts the landscapes in which they grew up and committed their crimes. Question: can environment mould a killer and, if so, how?

Not all, however, is agony and self-mortification at Berlin. Seekers after escapism could bypass bygone murderers or would-be suicides and home in on the Rouben Mamoulian retrospective—*Backy Shary*, *Queen Christina*, *4th Stockings* and *Co-Ed*—or on the flood of entertaining documentaries that annually reach Berlin: this year they are spearheaded by Janet Forman's highly entertaining *The Beat Generation*—An American Dream, an archive scrapbook featuring the Ginsbergs, Burroughses and Kerouacs of yesteryear.

The festival also has an impressive track record in finding and baptising new film-makers. Ten years ago, Berlin was discovering native directors like Fassbinder, Herzog and Wenders, and dunking their heads in the waters of international acclaim. More recently, it has found a comic film-maker of real originality in Dorris Dörrie.

Dörrie has followed her triangular love romp, *Men*, with a darker comedy of amorous manners, *Paradies*, a mock suburban husband (Heiner Lauterbach) falls for his wife's former schoolfriend (Katharina Thalbach) and is soon chasing her all over Hamburg's red

light district where Miss Thalbach has suddenly decided to seek gainful employment.

The wife (Sunny Melles) is a dizzy, self-pitying blonde who first hires a detective to track them herself. Appalling misunderstandings ensue and the path of love, far from running true, starts to resemble a ski-slope slalom course designed by a madman. The movie gets darker by the minute in the last half-hour and ends in murder.

In Berlin, indeed, even films wearing the label "comedy" and tucking themes far removed from the arena of politics or history seem to end up nudging towards great statements about Fate. Fielder Cook's adaptation of Saul Bellow's *Seize the Day* begins with Robin Williams in ripping comic form as Bellow's walking Jewish mid-life crisis. Then, it steers him towards bleakest tragedy as his marriage, his bank balance and his self-esteem all start to crumble simultaneously.

And in *Rite of Passage* by Taiwanese director Hou Hsiao Hsien (another outstanding talent nurtured in recent years by the Berlin festival), a story that begins with comical family squabbles typical of Hsien's work (cf. *A Summer At Grandpa's*) moves darkly towards military call-up and the tragic rupture of a love affair.

Love and war are also swan enemies, fighting to the death, in Andrzej Wajda's *A Love Story*. Wajda's newest film gives us nostalgia, Vaseline-fused lenses and two youngsters experiencing love's im-



Robin Williams in "Seize the Day"

possible dream in Poland on the eve of the Second World War. From the director of *Ashes And Diamonds* and *Man Of Iron*, the movie seems for much of its length like a doodle on a table napkin: slight, elegant, filigree.

It grows darker and stronger only when the "storm clouds" of war advance across the screen: from the khaki-and-pink waltz cavalry scene moving towards their doomed, quixotic showdown with the German tanks to the sinisterly anachronistic chorus figure

(Tadeusz Tomnicki, who also wrote the movie's source novel) who prods the young hero with warning visions of the future. In one scene, he even claps a pair of Walkman earphones over the boy's head so he can hear the noise of coming battle.

The noise of coming battle in Berlin includes new films from Claude Chabrol, Maria Meszaros, Paul Schrader and Jean-Marie Straub, plus a 14-hour "peace film" from Peter Watkins of *The War Game*. More next week.

Trials of life in the USSR

ONE OF my favourite books at school was "The ABC of Communism" by Bukharin and Preobrazhensky. The alphabet changed under Stalin, and both the authors came to grief. Bukharin's trial was the subject of Tuesday's Radio 4 feature *Trial by System*, but to call it a trial is an overstatement. Like all his fellow-defendants but one, Bukharin pleaded guilty—as he put it, in principle, but rejecting the specific details. The details included a plot to murder Lenin, Stalin and Sverdlov, but Bukharin maintained that they were only to be arrested, not murdered. (That inevitable sequence had not yet been established.) A lot of good that did him. As Vishinsky said in his summing-up, "Rightists are criminals, not politicians. There is no such thing as loyal opposition or honest disagreement. Any disagreement is heresy." The defendant who pleaded not guilty, Krestinsky, admitted lying at the preliminary investigation, and now wished to plead the truth. (He had once been an ambassador.) He was taken away for 24 hours and then realised that his original confession had been true after all.

The atmosphere at the Military Collegium of the USSR Supreme Court must have been tenser than it seemed in Norman Moss's account. Much of the evidence was given at second-hand rather than in either real or reconstructed dialogue, so although there was a good cast, including Bob Peck as Bukharin and Bill Paterson as Vishinsky, I never got the feeling of actually attending the trial. I think more effort might have been made to achieve something like authentic Russian pronunciation of names—an effort in which the Radio Times might have joined. "Vashsky" was as near as they got to Vishinsky.

Plenty of real, indeed live, recorded, dialogue in Radio 4's *Saturday feature, Birth, Death and Marriage*, some of it surprising. "We were born here in England, in Wales," said one of the daily 2,000 punters after their certificates from the 2656 records. I admired the man who had traced his descent back to the 15th century and turned up the name of Thomas, son of Geoffrey, Chaucer.

Radio 3's second Henri Becque play, *Woman of Paris*, came with the bonus of an adap-

tation by Peter Barnes and a cast which included Judi Dench, as Clotilde, the woman, and Dinsdale Landen as Lafont, her lover. It began admirably. "Open the desk and give me that letter!" a husbando voice commanded half a dozen times. But in the middle of the long scene of jealousy there was an interruption. "Quick! It's my husband!" Clotilde said. We are among the kind of Parisians we might meet chez Sardou. Clotilde is married to a rich, ungenerous, ambitious husband, Roger (Edward de Souza). There is no Feydeau-style comedy between these three, for Roger is more concerned with a new job at the Ministry of Finance than with the routine of his home, and all three no doubt feel themselves in their proper situations. ("After all, he's only a lover," is one of Clotilde's characteristic lines.) But there is much en-jan-vil satire at the expense of Parisian behaviour, and Mr Barnes and director Ian Couterrell keep the sparkle throughout the 90 minutes action. The English translation is by Kate Horn.

I have not written before about *King Street Junior* (Radio 4 on Mondays and repeated Tuesdays) because I cannot make up my mind what the point of it is. It is written from the staff angle, yet I never hear them discussing their pay or their terms of employment or prospects of promotion. Daily routine is the pabulum of the script. This week a party of kids was taken on a trip to the National History Museum. Naturally there was to be a visit from French educationists on the day of the trip. There was some worry whether parents might complain about their children having seen the Human Biology section. Of course, one of the children was missing when it was time to return. The tale was well told and well acted, full of convincing detail (to me, who has never been a teacher). But by the time the coachload had gone back, another day had passed, and the next day would be another. I missed the personalities you have among the children at Grange Hill; but then at a junior school there would not be likely to be personalities.

B. A. Young



Henry Wong, director of the Barbican Centre

Barbican battles on

NEXT WEEK the Barbican celebrates its fifth birthday. It is a time for modest congratulation rather than wild rejoicing. The Barbican is edging its way unobtrusively into the affections of the arts-using public rather than dazzling them with its brilliance. It has experienced some very sticky patches in its early years and is still dependent for its survival on the fickle approval of its unlikely benefactor the City of London, but at least it is currently facing no major crisis.

Indeed, this week it took a record £358,566 at the box office—the Barbican's director, Henry Wong, well remembers buying the box office staff drinks five years ago for selling £35,000 worth of tickets in a week. The current exhibition in the Barbican Art Gallery of Russian costumes is attracting record attendances, reaching 1,800 on a Sunday, while the resident orchestra, the London Symphony, has finally got its musical policy right and is close to breaking even. The other house company, the Royal Shakespeare, had such a disastrous box office in 1986 that it is certain to do better in the current year: the signs are already there.

It was not always so. From the start the Building conceived in the days of the concrete brutalism of the 1960's. It is very costly to run; its approaches are both ugly and devious; it was badly designed, hard to negotiate, and unredeemed by decent catering. Much of Henry Wong's energy has gone into such mundane activities as increasing the number of lavatories, shifting and improving the kitchens, streamlining the signposting, and cheering the grey spaces with art and murals, special exhibitions and small musical ensembles.

But the biggest disaster was the acoustic in the concert hall, which quickly ran into critical abuse. It is still not perfect to all ears but, at the loss of the glass globes which prettified the auditorium, and other technical adjustments, the acoustic is

said to be maturing nicely.

Unfortunately, while the sound was upsetting the minority with a musical ear the concert programme was discouraging the masses. The Barbican saw its audience built around the hundreds of thousands of local City workers, and the LSO based its initial programmes on early evening concerts which would be convenient for office staff. In the event it was a box office disaster, and, along with some ambitious but unpopular theme festivals, the LSO ran up an overdraft in excess of £400,000. By strenuous efforts, including financial self-sacrifice by the members of the LSO, the debt is now less than £100,000 and should disappear completely in the next year.

The LSO has pulled itself together just in time because, under its new management, the South Bank Centre across the Thames is likely to mount a tougher challenge for a limited musical audience, and on very much the same territory—themes. The Barbican is getting in first with a procession of festivals, mainly built around music, but with the visual arts doing their bit.

In the next few months the LSO will be the centrepiece of a Gershwin Festival, followed next year by a Festival of British Music with Steve Reich and Shostakovich Festivals later in 1988. It is also to re-introduce a subscription scheme, which did not work when the Barbican was newly opened but which stands a better chance now that the LSO has built up a loyalish audience for its mainstream diet of the more popular works in the musical repertoire.

The LSO is not without its problems—it loses its charismatic principal conductor, Claudio Abbado, next year, and is short of the £800,000 a year (out of an annual income of £4m) needed to ensure that its members are not overworked by commercial sessions and can concentrate on a well-rehearsed Barbican programme.

The RSC seems to have learned its lesson from the experimental dramas of last season, and has saved a considerable sum by dropping one new production from its 1987 plans. There will be more Shakespeare and only a Genet season to appease the modernists. The RSC does not like

the Barbican but, until 1988, it had achieved great audience and financial success there. It is locked in for the foreseeable future: there may even be more integration with other artistic events at the Barbican which has been a pious hope from the start.

The future of the Barbican depends upon the financial generosity of the City. In 1985-1986 its revenue was almost £8.5m, a rise of £3m since its opening year. Most of this, £4.2m, came from catering, with £1.5m from commercial exhibitions. This financial year will not show much gain, since lower RSC attendances will have hit catering revenue. Exhibitions, too, remain a problem area, although conferences are well ahead of target. (It was assumed that such business activities would pay for the artistic ventures, but collectively they contribute just £2.1m.)

Expenditure was £12.2m, with the City picking up the bill for £3.8m. The deficit seems certain to grow, mainly because the Barbican now has to pay rates. The City is so committed to the Barbican that it will probably provide more cash: it is also getting quite proud of the place. There has been a substantial increase in the number of City companies hiring its facilities.

Around 2m people visit the Barbican a year, a half to buy a ticket, a half to wander round. Strenuous efforts have been made to turn it into a fun place—lots of free exhibitions, and concerts by students from the adjacent Guildhall School of Music—but it still lacks a coherent image. Its parts seldom gel.

The RSC sees itself as a theatrical company of international repute rather than the local drama group; the LSO is only now in good financial health. Oddly enough the Barbican Art Gallery has been the surprise success. Few people can get a warm expectant glow as they approach that grim fortress. But, if it is hard to love, the Barbican has solid virtues—it does not cost the taxpayer very much; it has presented many wonderful events—*Les Misérables*; *Richard III*; the Mahler Festival; Bernstein—and it has taught the City of London, if not to love the arts, at least to acknowledge their existence.

Antony Thornecroft

Fragility of Glass

THE RETURN of Philip Glass's *Akhmatov* to the repertoire of English National Opera brings back to the Coliseum some impressively controlled individual performances, a staging of great imaginative resource, and an opera of negligible musical and dramatic worth. The first run of performances in 1985 played to capacity audiences; its media profile was very high. Those who believed then that they had seen the future of opera, and seen it working, have since in the same theatre been able to experience a genuine renewal of music theatre on the largest scale, in the shape of *Birtwhistle's Mask of Orpheus*.

Akhmatov completed a trilogy of stage works in which Glass set out to explore significant historical figures. This trilogy shows a progressive move away from the traditions of performance art (if that is not a contradiction in terms) towards the narrative continuity of conventional opera, and at

the same time a distinct decline in musical and theatrical originality. *Akhmatov* fails to build on the strengths of either of its predecessors. There is neither the sharp-edged vitality of much of *Einstein on the Beach* (nor Robert Wilson's transfiguring dramatic flair), nor *Satya-graha's* carefully moulded and rewarding vocal and choral writing. Instead, there is now a numbing blandness, in which the dislocation between the non-development accompaniments and the narrative imperatives of the action produces an unaffable void.

Glass cannot, though he tries very hard, have it both ways. If he wishes to embrace the trappings of the conventional opera house in search of a larger public, and chooses to do so by traducing some of the conventions of traditional opera, he cannot leave his music stranded in 1970's minimalism, with merely an enriching of texture here and a layering of

forces there to simulate a larger canvas. Relying on the stage director to provide the visual coherence becomes a total abdication of the composer's responsibility.

The cast shows only one change from the creators of their roles two years ago: Paul Harry takes over as the High Priest of Amon. The rest recreates their highly disciplined, beautifully detailed portrayals, taking maximum advantage of the very few opportunities for expressive singing (approximately one per act) the score offers them. Christopher Robson's childlike naivety in the title role is very moving. Sally Burgess's sensuous *Nefertiti* compelling watchable, Marie Angel's Queen Tye scrupulously composed. But neither their intelligent commitment nor Freeman's fertile invention can justify such a grotesquely empty piece of music theatre.

Andrew Clements

Records

Overdue attention for Gluck

off. Yet even in an only tepid reading such as this first complete recording offers, the music and the drama combine to cast a spell. As in the later *Armide* (in which Gluck reused several Paris numbers), the central theme is the power, sublime and destructive in equal measure, of sexual love; and Gluck's "reformist" stripping to bareness of his musical means achieves a magically potent and direct elucidation of such a theme. (Paris's loveliest rapture pours out in his first utterance. "O del mio dolce ardor".) *Paris and Helen* and *Armide* are works peculiarly poised, as it were, on the edge of the 18th century—carefully composed of ceremonial, French-influenced forms; and, in their evocation of passionate emotional entanglement, extraordinarily intuitive of the Romantic era.

This is a work for which the attentions of the record companies were long overdue. Gratitude is the correct attitude to Orfeo's effort, mixed with disappointment that it was not more successful. The first *Paris* was the soprano castrato Giuseppe Millico (all four main parts are soprano); the modern solution of casting a tenor in the role, just barely acceptable in the theatre, will really not do on records. People who know Franco Bonisoli only from his stage-bogging, top-note-shouting Covent Garden performances may be pleasantly surprised at the sensitivity of his response to Paris. He feels the beauty of the music, and, in its best moments, the voice sounds attractive. But it remains too heavy, too Puccinian, in style—and, in any case, it's a voice operating in the wrong octave. (To hear how the music can sound, Janet Baker's 1976 record of four Paris arias comes as a marvellous corrective.)

More surprising, and more distressing still, Deana Cotrubas was in very poor voice when recording *Helen*, particularly

thin and uncomfortable in her middle register, where most of the declamation and characterising vocal details of part lie. Both Sylvia Greenberg, a fresh-toned Erasto, and Gabriele Fontana, a statuesque Athene, could do with some of Bonisoli's native way of inflecting Italian recitative. Chorus and orchestra (of modest instruments) are excellent, and Zagrossek is a sympathetic Gluck conductor, even if one misses the heightened dramatic intensity that a Norrington, Elliot Gardiner or Mackerras would surely uncover in the long Act 4 dialogue leading to Paris's great cry of passion, "Di te scordarmi!"

Berlioz is doing exceptionally well out of the record companies' refurbishment of past publications for the still-purgeing compact-disc catalogue. Gaps remain to be filled of other important composers and works, yet already there are two sets of *La Damnation* to choose from. Berlioz is, of course, a provider of virtuosic orchestral effects to test any new sound system. The legendary dramatic is considered above all a "sound spectacular", then Georg Solti's 1980 Chicago performance for Decca cuts the wider swag—*in the Hungarian March* and the Ride to the Abyss the dynamic range and clarity of detail are unmatched on the 1973 Philips by Colin Davis. Solti also has much the stronger choir, the more "crack" orchestra, and a matchless Mephisto—sardonic, smooth, infinitely subtle—in José van Dam.

But Davis has in Josephine Veasey a Marguerite who improves on a rather dull start to reach a "D'amour l'ardente flamme" of glorious power and urgency (Solti's Von Stade follows exactly the reverse score, palpably vivid at the start, overparted in the Romance). And Davis is obviously the more "inner" Berlioz conductor. Whole passages that under Solti's hands pass off with noisy, externalised bravura reveal under Davis their long-lined individuality, their peculiar Berliozian splendour. Other CD reissues from the Davis Berlioz cycle deserve at least an approving mention: the LSO's unsurpassed 1965 set of overtures (Philips 416 430-2), and the 1974 *Fantastic Symphony* by the Concertgebouw (Philips 414 425-2).

Max Loppert

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A black and white portrait of a young man with dark, wavy hair and glasses. He is wearing a light-colored, possibly white, shirt. The image is a head-and-shoulders shot, and the man is looking directly at the camera. The background is plain and light-colored.

By Dominic Lawson

...and the ...